

LABOR-FEDERAL SECURITY APPROPRIATION BILL FOR 1948

HEARINGS BEFORE THE SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE EIGHTIETH CONGRESS

FIRST SESSION

ON

H. R. 2700

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT
OF LABOR, THE FEDERAL SECURITY AGENCY, AND
RELATED INDEPENDENT AGENCIES, FOR THE
FISCAL YEAR ENDING JUNE 30, 1948,
AND FOR OTHER PURPOSES

Printed for the use of the Committee on Appropriations



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UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1947

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LABOR-FEDERAL SECURITY APPROPRIATION BILL, 1948

MONDAY, APRIL 7, 1947

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE
ON APPROPRIATIONS,
Washington, D. C.

The subcommittee met at 10 a. m., pursuant to call, in the Senate Appropriations Committee Room, the Capitol, Hon. William F. Knowland presiding.

Present: Senators Knowland (presiding), Wherry, Young, Dworshak, McCarran, McKellar, and Thomas.

Senator KNOWLAND. The hour of 10 o'clock having arrived, the committee will come to order.

The sessions of this committee will be in conformity with the Reorganization Act open sessions. Each bureau and the Department itself will have ample opportunity to offer such evidence as it may care to offer to the committee as to the reasons why changes should be made in the bill as sent over from the House of Representatives.

I might say, as a matter of frankness, to the representatives of the Department, that the committee is interested in reducing the cost of the Federal Government.

It wants to do it at the present time, however, without being detrimental to the essential services of Government.

Now, the first witness that we had scheduled for today was the Secretary of Labor. However, I had a call from the Department this morning that the Secretary of Labor, Mr. Schwollenbach, and Mr. Warren had been up all night with the telephone-strike problem, and, consequently, they are not able to appear until tomorrow.

The committee will proceed, therefore, as I understand it, with the Solicitor's Office at this time, and then with the other bureaus in order.

DEPARTMENT OF LABOR

OFFICE OF THE SOLICITOR

STATEMENTS OF WILLIAM S. TYSON, SOLICITOR; JETER S. RAY, ASSOCIATE SOLICITOR; DONALD M. MURTHA, ASSISTANT SOLICITOR; AND JAMES J. DINNENY, BUSINESS MANAGER, OFFICE OF THE SOLICITOR, UNITED STATES DEPARTMENT OF LABOR, WASHINGTON, D. C.

SALARIES AND EXPENSES

STANDARD CLASSIFICATION SCHEDULE

(The Standard Classification Schedule is as follows:)

Salaries and expenses, Office of Solicitor

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-) 1948 estimate compared with 1947	Increase (+) or de- crease (-) bill com- pared with estimate
01 Personal services.....	\$1, 065, 405	\$1, 237, 430	\$748, 040	+\$172, 025	-\$489, 390
03 Transportation of things.....	900	900	630	-----	-270
04 Communication services.....	4, 200	3, 850	2, 940	-350	-910
07 Other contractual services:					
Reporting service.....	2, 000	2, 000	1, 400	-----	-600
Witness fees.....	2, 570	2, 570	1, 800	-----	-770
09 Equipment.....	700	4, 250	490	+3, 550	-3, 760
Grand total obligations.....	1, 075, 775	1, 251, 000	755, 300	+175, 225	-495, 700
Transferred to "Salaries and expenses, Children's Bureau functions, Federal Security Agency".....	+3, 225	-----	-----	-3, 225	-----
Excess of obligations over appropri- ation due to Public Law 390.....	-126, 000	-----	-----	+126, 000	-----
Total appropriation or estimate..	953, 000	1, 251, 000	755, 300	+298, 000	-495, 700

Senator KNOWLAND. Mr. Tyson.

Mr. TYSON. I would like to convey the personal regrets of the Secretary for being unable to be here this morning. I am sure you understand the circumstances.

The Secretary will try to be here as early as possible.

I have a statement which I would like to read, with the permission of the committee.

Senator KNOWLAND. That is all right.

AMOUNT OF INCREASE REQUESTED

Mr. TYSON. The amount requested for the Office of the Solicitor is \$1,251,000. The House of Representatives allowed \$755,300. The amount which we request the Senate to restore is \$495,700. In addition, it is requested that \$500 be restored to the Department's contingent expenses and \$7,985 to the traveling expenses appropriations to provide adequate funds for such expenses as communications costs and traveling expenses.

LEGAL POSITIONS OF DEPARTMENT CONSOLIDATED IN SOLICITOR'S OFFICE

All legal positions in the Department of Labor are consolidated in the Office of the Solicitor. Necessary legal services and counsel are furnished by this Office to the Secretary and the various bureaus and divisions of the Department.

ESTIMATE FOR 1948 AND NUMBER OF POSITIONS REQUESTED

The salary estimates for fiscal 1948 represent a net increase of \$172,025 over the amount available for fiscal 1947. The number of positions requested are 272, which represents an increase of 39 over the operating base for fiscal 1947. The requested increase in funds and positions was approved by the Bureau of the Budget because of the increasing work load which this office has been forced to carry in order to fully discharge its responsibilities.

BRANCHES OF WASHINGTON OFFICE

The work of the office in Washington is divided among six branches, the Trial Litigation Branch, the Interpretations and Administrative Services Branch, the Appellate Branch, the Legislative and Trial Examining Branch, the United States Employment Service Branch, and the Wage Determination Branch. In the field outside Washington there are 13 regional offices and one Territorial office in Puerto Rico.

FUNCTIONS OF OFFICE OF THE SOLICITOR

I should like, with the permission of the committee, to detail a few of the functions of the office so that some of the significant aspects of the work performed can be visualized.

TRIAL LITIGATION BRANCH

The Trial Litigation Branch supervises the enforcement and trial of cases under the Fair Labor Standards Act of 1938, the Walsh-Healey Act and other statutes with which the Department of Labor is concerned. The table below shows the number of cases handled in the 5 years 1943 through 1947, the number of attorneys handling the supervision of these cases and the backlog of cases carried over from year to year.

INCREASE IN CONTESTED CASES AND NUMBER OF ATTORNEYS IN BRANCH

A glance at this table will show that the number of contested cases increased from 79 in 1943 to 469 (on the basis of a projection of the figures for the first 9 months) for the full fiscal year 1947, and an estimate on the basis of cases now being received of 600 cases for the fiscal year 1948.

These cases were handled in 1943 by 17 attorneys. At the present time, for fiscal year 1947, we only have eight attorneys to supervise this trial litigation work.

The table also shows that the case carry-over increased from 141 in 1944 to 392 as of this fiscal year.

(The table is as follows:)

	1943	1944	1945	1946	1947
Total contested cases.....	79	238	310	469	¹ 600
Total attorneys in Branch (Excluding Assistant Solicitor).....	17	13	9	9	8
Case carry-over.....		141	241	284	392

¹ Estimated on basis of cases for first 9 months of 1947.

INCREASE IN BACKLOG OF CASES

Mr. TYSON. It is evident from this table that the backlog of cases is gradually growing larger because we do not have sufficient attorneys to keep up with the work. The Wage and Hour Division during the current year, I am informed, is operating on the basis of approximately 45,000 inspections. Since there is an understandable lag between inspections and court actions it is apparent that no let-up in the already increasing case load can be anticipated for 1948. This would be true even though the cut made in the 1948 appropriation for the Wage and Hour Division by the House of Representatives is finally approved by the Congress. The estimates for 1948 provide for an increase in this branch of one P-6 attorney, two P-5 attorneys and one secretary, CAF 4. This would still give the section only 11 attorneys as compared with 17 in 1943.

ASSISTANCE FROM JUSTICE DEPARTMENT

Senator KNOWLAND. Might I interrupt right at that point. When you have violations of the law, do you get help from the United States attorney's office, or the Attorney General's Office on prosecution?

Mr. TYSON. Yes, we do. These are mainly civil actions that I was speaking about here, but we do, when we have a criminal case, get it ready for trial and transmit it to the Department of Justice and they send it out to the district attorney, and in some instances the district attorney calls upon our attorney in the regional office for assistance.

Senator KNOWLAND. But normally the United States attorney's office handles the prosecution?

Mr. TYSON. That is right. It is his function.

INTERPRETATIONS AND ADMINISTRATIVE SERVICES BRANCH

The Interpretations and Administrative Services Branch handles the interpretations of the Fair Labor Standards Act, the Walsh-Healey Act, the Copeland Act, and the 8-hour laws. It also prepares the regulations of the various administrative agencies in the Department and assists the Administrator of the Wage and Hour Public Contracts Divisions in the preparation of legal decisions under the Public Contracts Act.

WORK UNDER ADMINISTRATIVE PROCEDURE ACT

The Administrative Procedure Act which was passed last year makes it doubly important both from the standpoint of the public and the Department that the work of this Branch be performed by an adequate staff.

NEW INTERPRETATIVE QUESTIONS

Also the pending portal-to-portal legislation, if and when it becomes law, will create during the 1948 fiscal year a great number of new interpretative questions under the Fair Labor Standards Act and also the Walsh-Healey Act and the Davis-Bacon Act, if passed in its present form.

It will require the revision of some of the interpretative bulletins of the Wage and Hour Division. Because of the "good faith" clause contained in the proposed bills additional care must be observed that interpretations should be issued only after thorough study as to the applicability of the law. Recent Supreme Court decisions also require that interpretations be brought into line with these rulings.

If I may interpolate here, only last Monday, the Supreme Court handed down three decisions which may necessitate changes in some of the interpretations under the wage-and-hour law that have been issued by the Administrator in the past.

Within the past 2 months, there have been five decisions that will necessitate a modification in some interpretations.

Senator McCARRAN. Effect some modifications, you say?

Mr. TYSON. Effect some modification in some of the interpretations that have been previously issued by the Administrator of the Wage and Hour Division.

Senator McCARRAN. How does that address itself to the hearing here? Will you explain that a little, please?

Mr. TYSON. Yes; I was speaking, Senator, of the Interpretations Section that prepares interpretations for the Administrator and the necessity, after these court decisions, of a revision in certain interpretative bulletins.

I made the statement that these court decisions would require that we go over and study a number of interpretations made in the past and that with a small staff we would be unable to accomplish the function with which we are charged by law expeditiously.

REQUEST FOR TWO ADDITIONAL ATTORNEYS

The estimates submitted provide for two additional attorneys in this branch, one P-4 and one P-3.

APPELLATE BRANCH

The Appellate Branch handles cases in the circuit courts of appeals and the Supreme Court; the table below gives the figures on briefs filed from 1942 through 1947 with an estimate for 1948.

INCREASE IN WORK

As this table will indicate, briefing work of the Appellate Section has increased from 39 in 1942 to 66 in 1947, and with an estimate of 85 in 1948, which takes into account the increased number of cases that are now in the trial courts which will be reaching the appellate courts during the fiscal year 1948.

For the first 9 months of 1947 the following briefs have been filed:
In the Supreme Court, 18; in the circuit courts of appeals, 30;
or a total of 48.

(The table is as follows:)

	1942	1943	1944	1945	1946	1947 ¹	1948 ²
Supreme Court briefs.....	13	9	19	24	19	22	27
Circuit courts of appeals briefs.....	26	37	41	41	44	44	58
Total	39	46	60	65	63	66	85

¹ Projections on basis of figures for first 9 months of fiscal 1947.

² Estimated.

NUMBER OF COURT CASES PENDING

Mr. TYSON. Twenty-three cases are presently pending on appeal in the Supreme Court and circuit courts of appeals, in 18 of which briefs will probably be due before the end of the fiscal year.

The gradually increasing work load of this branch requires an increase in the number of attorneys if our briefs are to reach the courts within the time limitations under which we are forced to operate.

And may I say a word there? We, of course, have to file our briefs within the time limitations under which we are forced to operate. have an adequate staff to prepare those briefs, we will be unable to meet the court dead lines.

HISTORY OF SOLICITOR'S OFFICE

Senator KNOWLAND. Right at that point, might I ask: As I understand it, your office was set up as an independent agency in 1946, was it? The Solicitor's office?

Mr. TYSON. No.

Senator KNOWLAND. When were you first established?

Mr. TYSON. Would you like to have me give you some of the history of our organizational set-up?

Senator KNOWLAND. Yes.

Mr. TYSON. The Solicitor's office was in the Department of Labor from 1933 on. I think it was at the beginning of the fiscal year, 1941, that all the attorneys in the Department of Labor were concentrated in the Solicitor's office. Prior to that date, they had had attorneys serving the various bureaus, such as the Wage and Hour Division, and the Division of Labor Standards, the Secretary's office, and the other agencies in the Department under separate general counsels.

At that time the Appropriations Committee of Congress suggested, and the Secretary, Miss Perkins, agreed, that all the attorneys should be in one place under the Solicitor.

ATTORNEYS IN DEPARTMENT AT TIME OF CONSOLIDATION

Senator KNOWLAND. Do you have any figures as to the number of attorneys that were in the Department at that time prior to consolidation?

Mr. TYSON. Yes; I do.

Senator KNOWLAND. Can you give us those?

Mr. TYSON. I can give you that, I think, right now.

In 1941, prior to the consolidation, a total of 302 legal positions were included in the Department. That included those in the Wage and Hour Division, the Children's Bureau, and the Secretary's office. A total of 302. That compares with the present figure of 235 permitted, and a request for 272 for fiscal 1948, which is a decrease from the total number of attorneys in 1941.

NUMBER OF ATTORNEYS, 1946 AND 1947, AND REQUEST FOR 1948

I might give you the figures also, Senator, that in 1946 there were 240, and in 1947, 238, and the request for 1948 is 272, as I have previously said.

Senator KNOWLAND. Do you have the figures for 1939?

Mr. TYSON. We tried to get those, but because the appropriations were split up at that time, Mr. Dodson and I were unable to get them. I might be able to get them with an exhaustive search.

Senator KNOWLAND. That is all right.

Mr. TYSON. But we did get 1941.

Senator KNOWLAND. I wanted to get a rough comparison.

Mr. TYSON. 302 in 1941, as compared with a request for 272 in 1948.

APPELLATE BRANCH

TWO ADDITIONAL ATTORNEYS REQUESTED

The estimate for 1948 allows two additional attorneys, one P-5 and one P-4. This increase is predicated upon the assumption that in 1948 the appeals courts will be receiving cases from the greatly increased number now in the trial courts.

LEGISLATIVE AND TRIAL EXAMINING BRANCH

FUNCTIONS PERFORMED

The Legislative and Trial Examining Branch performs a variety of functions. The drafting of proposed legislation, the analyses of pending legislation, and the preparation of reports on pending legislation are among the services it performs. Well over 125 pieces of legislation relating to labor, labor standards, and labor relations have been introduced in this session of the Eightieth Congress. It is necessary if the Department is to be fully informed on these measures that they be analyzed. There are a large number of legislative proposals which the Department is asked to comment on. In the last session reports were prepared on approximately 90 pieces of legislation at the request of various committees or Members of the Congress. At the present moment there are 27 requests for reports on specific pieces of legislation which are now pending in the Department. These requests have been received from committees of both the House of Representatives and the Senate, from individual Members of Congress and from the Bureau of the Budget.

In addition, this Branch prepares answers to requests for information on various labor questions and assists in legal work necessary for the Department's participation in affairs of the International Labor Organization. It also renders legal assistance to the Bureau

of Labor Statistics, the Conciliation Service, the Women's Bureau, the Apprentice Training Service, and the Division of Labor Standards.

TRIAL EXAMINERS' UNIT

The Branch contains a Trial Examiners' Unit consisting of two trial examiners and one secretary. These trial examiners hold hearings and render initial decisions under the Walsh-Healey Act. Because of the Administrative Procedure Act passed last year by the Congress, these examiners have been required to assume new responsibilities and duties. An additional trial examiner is needed if these administrative proceedings are to be handled with the expedition contemplated by the Administrative Procedure Act.

TWO ADDITIONAL ATTORNEYS REQUESTED

The estimates for 1948 contemplate the additional of one P-6 trial examiner and one P-5 attorney for this Branch.

WORK UNDER ADMINISTRATIVE PROCEDURE ACT

Senator McCARRAN. Right after you mention the administrative procedure, are you setting yourselves up to come into conformity with that act?

Mr. TYSON. We did that, Senator. We had a reorganization in November to come into compliance as of December 12, I believe the date was.

These examiners now, where formerly they issued only reports, now they make initial decisions and make findings of fact and conclusions of law which require that they spend a good deal of additional time in the handling of these cases.

They act in a judicial capacity, and we find that the time that they are having to devote to the cases, is throwing them behind even though the backlog at the present moment may not be as large as it was.

Senator McCARRAN. Have they been set into place under the Administrative Procedure Act?

Mr. TYSON. Yes; they have, Senator.

UNITED STATES EMPLOYMENT SERVICE BRANCH

The United States Employment Service Branch provides legal services for the Employment Service. The table below shows the work load for this Branch for the first 9 months of 1947. I will not read the figures in the table, but I would like to make it clear that they have reviewed and passed upon 50 State and Territorial plans under the grant-in-aid program of the Employment Service, and also they are constantly having proposed amendments which they have to review in order to see if they meet the requirements which Congress has laid down for the standards under which this money is to be spent.

(The table is as follows:)

Work load of the branch, July 1, 1946, to Mar. 31, 1947

Legal memoranda and opinions prepared-----	693
Submissions to the Comptroller General prepared-----	5
State plans reviewed-----	50
State personnel transfer plans reviewed-----	50
State plans—amendments reviewed, approved, or rejected-----	305
Review and drafting of State and Federal legislative matters-----	96
Contracts prepared-----	6
International migratory labor agreements—appeals-----	5
Field instructions reviewed-----	149

DECREASE IN POSITIONS FOR 1948

Mr. TYSON. The request for 1948 is for three less positions than were available in 1947.

We are asking there that three positions be cut out because the Employment Service has been returned to the States, and the amount of legal work may be less in that particular Branch.

LEGAL QUESTIONS ARISING FROM RETURN OF SERVICE TO STATES

Senator McCARRAN. Have you gone far enough with the reorganization, following the return to the States, to fully determine just what load is going to come back on you?

Mr. TYSON. We have found this, Senator: In reviewing the plans which were initially submitted we were greatly strained with our small staff for a period of about 6 weeks. We thought that when the plans were approved the legal work would fall off. As a matter of fact, it has not. We have been forced to go into a lot of questions that we had not anticipated before the Employment Service went back to the States.

Senator McCARRAN. I might say there that it was my idea that when it went back to the States you would find yourself burdened with new problems and new questions coming up in a new way entirely.

Mr. TYSON. We are, because now we are dealing with 52 separate legislative jurisdictions and heretofore we only had one.

That, as I say, and as you say, is bringing in a variety of legal problems, there is no question about that.

WAGE DETERMINATION BRANCH

(See p. 422)

The Wage Determination Branch is responsible for work in connection with administration of the Davis-Bacon Act, as amended, the wage-determination functions of the Secretary of Labor required under section 212 (a) of the National Housing Act, as amended, under section 15 (b) of the Federal Airport Act, under the Tennessee Valley Authority Act, and the Hospital Survey and Construction Act of 1946.

VOLUME OF WORK

Wage-determination functions of the Solicitor's Office are now at an all-time peak. The volume of requests for wage determinations under the Davis-Bacon Act and the National Housing Act is greater now than during the peak of the war construction in 1941 and 1942.

If I may, I would like to particularly impress upon the committee the figures, which I shall give you in connection with the Davis-Bacon work, because our work load there is increasing every day.

Senator McCARRAN. Now, from what source does that increase come, source or sources?

Mr. TYSON. Senator, I have a statement here which I would like to read.

Senator McCARRAN. That is all right.

NUMBER OF WAGE DETERMINATIONS THIS YEAR

Mr. TYSON. The total of 7,666 wage determinations issued in 1942 will be topped this year by a peak of 9,000 or more determinations. Although the total volume in dollar value of Federal construction in the current year is less than in the war years, the current Federal program calls for construction of a great number of small units, and a great amount of necessary repair work which was neglected during the war. As a result, a greatly increased number of construction and repair contracts are being let, and each of these requires a wage determination.

RECENT ACTS REQUIRING WAGE DETERMINATIONS

In addition to the current work volume, the Federal Airport Act of 1946 and the Hospital Survey and Construction Act of 1946 impose additional wage-determination functions on the Department which will greatly increase the work load in fiscal 1948.

FEDERAL AIRPORT ACT

I might say, in answer to your question, Senator McCarran, that the work under the Federal Airport Act has only commenced during this fiscal year, and according to estimates which they submitted to us last October, there will be approximately 2,000 wage determinations a year under that particular act which was passed by the Congress last year.

PRESENT SIZE OF STAFF AND CURRENT BACKLOG OF CASES

At present, the Wage Determination Section of the Solicitor's Office consists of a staff of 12 attorneys and 2 secretaries. It is exceedingly difficult, with this small staff, to keep abreast of the current work load. The current backlog is 506 cases. The estimates submitted provide for one new P-3 position for this section. The table below gives the work load for 1945, 1946, and 1947 and an estimate of the work load for 1948.

This table shows that the number of wage decisions issued in 1945 was 3,884; in 1946, it was 4,453; and up to the present moment, 5,458 in 1947, and if continued at this rate for the remainder of the fiscal year, it will approximate 9,000.

TIME REQUIRED FOR WAGE DETERMINATIONS

Senator McCARRAN. About what is the time necessary for the determination, say, of the average case?

Mr. TYSON. Senator, I do not have that, but I could get that for the committee if you would like to have that information.

Senator McCARRAN. I was asking that question with the idea of seeing how much time of one representative of your department is taken up with one case.

Mr. TYSON. Yes.

Senator McCARRAN. Or how much time in the general run of cases.

Mr. TYSON. I can give you that by tomorrow if that would be satisfactory.

Senator McCARRAN. I do not know that it is essential, but I just wanted to see how fast you would handle that load of 9,000 cases.

Mr. TYSON. You can figure we have handled 5,458 so far this year, and we are now 506 behind, so that is approximately 6,000 we would have handled in 9 months.

Senator McCARRAN. How many people are employed in that particular line?

Mr. TYSON. Twelve attorneys.

Senator McCARRAN. Twelve attorneys.

(The requested is as follows:)

Wage determination work

	1945	1946	1947 ¹	1948 ²
Requests for new (and review) determinations	3,882	5,367	9,000	9,000
New (and review) wage decisions issued	3,884	4,453	9,000	9,000

¹ A projection for the full year of 5,458 requests for wage determinations in first 9 months.

² Estimated.

REGIONAL AND TERRITORIAL OFFICES

WORK OF OFFICES

Mr. TYSON. Outside of Washington there are at present 13 regional offices and 1 Territorial office. These offices perform legal services in the field for the Department and its bureaus and agencies. Attorneys in these offices initiate wage-hour, child labor, and public contracts legal actions. Although there has been a 496 percent increase in the number of contested legal actions handled in the past 4 years by these attorneys the number of attorneys has been reduced from 98 in fiscal 1943 to 74 in fiscal 1947 or a reduction of 32 percent in the number of attorneys.

In those figures there I am giving the figures for the field. We have actually had an increase in trial litigation of 496 percent in contested cases since 1943.

ATTORNEYS IN FIELD, 1943 AND AT PRESENT

We had 98 attorneys in the field in 1943. We now have 74 in the field, or a reduction of 32 percent in the number of attorneys, which I think will indicate to you that our efficiency is certainly holding up but our backlog accumulating, and that is one of the difficulties that we have and which justifies, we think, the request for additional attorneys in the field.

Senator McCARRAN. Now, what will be the condition if this particular appropriation is passed as it came from the House?

Mr. TYSON. I have attempted to explain that explicitly in the next part of my statement.

Senator McCARRAN. All right.

VOLUME OF WORK OF ATTORNEYS IN FIELD OFFICES

Mr. TYSON. During fiscal 1946, there were referred to the attorneys in the regional offices a total of 2,714 cases for the purpose of legal enforcement action under the Fair Labor Standards Act, the Walsh-Healey Public Contracts Act, and the child labor provisions of the Fair Labor Standards Act. These referrals resulted in the initiation of 469 contested actions plus 188 civil actions initiated which resulted in consent decrees after negotiations. The attorneys were able to dispose of 385 contested cases, yet the backlog of pending contested cases increased 108 to total 392 at the end of the year.

In addition, the same attorneys rendered 9,934 written opinions during the year and also analyzed the evidence and rendered written opinions to the administrative officials in connection with 1,211 investigation files. Further, they have rendered many services in their capacity as legal advisers to the regional directors in each region, as well as conducting many conferences with employers, employees, and attorneys for both, in matters pertaining to other than pending cases or matters in litigation.

ADDITIONAL FIELD PERSONNEL REQUESTED

The request for 1948 is for 20 additional attorneys (4 P-5's, 7 P-4's, 6 P-3's, and 3 P-2's) in the field and for 13 additional stenographers (CAF-3) to perform stenographic services for the new attorneys. This would make a total of 94 attorneys in the field which is still 4 less than we had in 1943 before the tremendous increase in litigation was evident.

EFFECT OF HOUSE REDUCTION

The \$755,300 allowed by the House of Representatives would, of course, necessitate a drastic curtailment in the operations now being performed by the Solicitor's Office. If the increase in salaries permitted Government employees by Public Laws 349 and 390 is taken into consideration, the appropriations available to this office for the years 1941 through 1947 were all greatly in excess of the amount allowed by the House of Representatives for 1948. The cut for 1948 has been made even though the work load for the office has increased substantially since 1941.

EXTENT OF REDUCTION IN PERSONNEL UNDER HOUSE CUT

In terms of personnel we would be forced under the amount allowed by the House of Representatives to reduce our present staff from 223 employees to 154. This would mean a cut of 35 in the field (19 attorneys and 16 stenographers) and 34 in the Washington office (24 attorneys and 10 stenographers). We would be left with a staff of 55 attorneys and 31 stenographers in the field and 49 attorneys and 19 clerical people in Washington. The 55 attorneys in the field would compare with the 74 we now have in the field and the 98 we had in 1942. The 49 attorneys in Washington would compare with the 73 we have now and the 89 we had in 1942.

NUMBER OF REGIONAL OFFICES THAT WOULD BE CLOSED

In addition, we would be forced to close 7 of our 13 regional offices.

ATTORNEYS WORKING UNDER SPECIFIC ACTS

Senator McCARRAN. Right at that point, I wish to inquire: These attorneys to whom you now may refer, are both in the field and in the Washington office, and as I understand it, and if there is any exception to this, please correct me, carrying out the specific mandates of acts passed by Congress, is that not correct?

Mr. TYSON. That is correct. As I say later in this statement, the responsibility which we have is a legal responsibility, placed upon us by the Congress to enforce these statutes which Congress has passed. The Fair Labor Standards Act, the Walsh-Healey Act, the Davis-Bacon Act, and these other acts which I have mentioned.

Senator McCARRAN. In other words, what I wanted to bring out: This array of attorneys, which might seem formidable to some extent, are not employed simply to carry out some whim or fancy that may arise in the Department of Labor, but are employed specifically to carry out the specific mandates of the Congress of the United States?

Mr. TYSON. That is correct, sir.

LOCATION OF REGIONAL OFFICES

Senator KNOWLAND. Where are your 13 regional offices located?

Mr. TYSON. Would you like me to name them?

Senator KNOWLAND. Yes.

Mr. TYSON. First, we have a Territorial office in San Juan, P. R., and regional offices in Boston; New York; Philadelphia; Richmond; Atlanta; Birmingham; Nashville, Tenn.; Cleveland; Chicago; Minneapolis; Kansas City; Dallas; and San Francisco.

QUESTION AS TO CONSOLIDATION OF SOME OF REGIONAL OFFICES

Senator KNOWLAND. Are there any of the regional offices which could be consolidated without any loss to the enforcement work of the Bureau due to the proximity to each other?

Mr. TYSON. We have maintained offices where the other bureaus of the Department have offices because we have thought legal services should be furnished to that bureau and in each place we have an office, the Wage and Hour Division has an office. Our regions are synonymous.

Senator KNOWLAND. I see. So, wherever they have an office, you supply service from the Solicitor's Office?

Mr. TYSON. That is correct.

Senator McCARRAN. The San Francisco office serves that entire western territory?

Mr. TYSON. Yes, Senator. As a matter of fact, we think we need another office in the western section of the country. The San Francisco office serves Arizona, California, Oregon, Washington, Idaho, Utah, and Nevada. You can see that the territory covered by that office is very extensive. We have only five attorneys out there, and if

we were to have a case in each State simultaneously we would be completely out of attorneys in our San Francisco office. Travel takes a lot of time out there in going from one place to the other.

NUMBER OF CASES HANDLED BY EACH REGIONAL OFFICE

Senator KNOWLAND. Could you furnish the committee with any information as to the number of cases handled in each of these regional offices?

Mr. TYSON. Yes; I could.

(The information is as follows:)

Regional offices, litigation statistics, fiscal 1946

Region	Cases referred for civil action		Civil actions brought	Walsh-Healey actions brought	Cases referred for criminal action	Criminal actions brought		Total actions brought	Total actions completed	Total actions pending June 30, 1946		Written opinions prepared		Total
	Wage-hour	Child labor				Wage-hour	Child labor			Civil	Criminal	Investigation files	For public and administrative officials	
I. Boston (5) ¹	118	19	10	6	122	6	5	24	20	14	3	166	621	1,134
II. New York (11)	339	2	33	13	168	37	6	85	79	66	21	106	550	1,505
III. Philadelphia (4)	87	3	19	1	124	7	5	28	22	17	6	263	1,558	2,140
IV. Richmond (4)	53	9	11	3	47	13	7	38	21	19	10	29	135	395
V. Atlanta (6)	119	2	19	15	119	8	2	49	43	23	4	192	532	1,127
VI. Birmingham (4)	33	2	9	0	110	9	1	17	13	13	3	31	194	435
VII. Nashville (5)	31	2	16	4	108	6	6	32	31	26	5	35	422	724
VIII. Cleveland (5)	78	7	8	1	95	7	1	18	18	13	1	80	785	1,112
IX. Chicago (8)	146	6	9	10	59	3	9	28	22	32	3	91	989	1,407
X. Minneapolis (4)	42	5	12	0	55	6	4	22	27	8	3	51	799	1,034
XI. Kansas City (5)	46	23	16	6	98	11	9	45	43	24	3	16	485	825
XII. Dallas (5)	47	35	7	5	117	10	12	36	22	16	7	108	2,287	2,709
XIII. San Francisco (5)	98	2	17	4	115	3	6	30	14	31	3	41	448	812
Puerto Rico (3)	18	5	16	0	0	0	0	17	10	18	0	2	119	205
Total (74)	1,255	122	202	68	1,337	126	73	2,469	385	320	72	1,211	9,934	15,764

¹ Figures in parentheses give total number of attorneys assigned.

² In addition 188 consent-decree actions.

EFFECT OF CONSOLIDATING REGIONAL OFFICES

Mr. TYSON. Under the amount allowed by the House of Representatives for 1948 the number of attorneys available for trial of cases would not be sufficient to permit attendance on schedule in the many diverse courts sometimes hundreds of miles apart in which our cases are being litigated.

Many of the functions we are now performing both for the public and the divisions of the Department would under such circumstances have to be either curtailed or eliminated altogether. As to those functions with which we are charged by law with responsibility it is inevitable that the backlog of work which has already been enumerated would grow much larger and the delays increasingly longer.

In the matter of enforcement of the wages-and-hours law, the Walsh-Healey Act, and the child labor provisions of those acts, it is clear that instead of being able to achieve proper enforcement we would, even with our best efforts, be able to do only an ineffective job.

PROPORTION OF LEGAL SERVICES DEVOTED TO CHILD LABOR PROVISIONS, FAIR LABOR STANDARDS ACT

Senator KNOWLAND. I wonder, right at that point, if you could indicate what proportion of your total legal services are now being devoted to the enforcement of the child labor provisions of the Fair Labor Standards Act of 1938 and what proportion of your total funds have been used for that purpose.

Do you have that break-down?

Mr. TYSON. No; I do not. I can give you the number of child labor cases we have had as compared with the number of wage-hour cases. I think I have that figure.

Senator KNOWLAND. If you do not have it here, that is all right.

Mr. TYSON. I will submit it with the other information.

Senator KNOWLAND. If it is possible to indicate the number of people devoted to that work, it would be helpful to the committee.

Mr. TYSON. I would be glad to do that.

(The information requested appears on p. 183.)

BASIS OF HOUSE REDUCTION

Mr. TYSON. The House committee based its reduction of \$495,700 on (1) the elimination of the Wage Stabilization Board, the Retraining and Reemployment Administration, and the Division of Labor Standards, and (2) the material reductions made in practically every appropriation of the Department. (From the committee report, p. 4.) The legal work of the Wage Stabilization Board was never performed by the Solicitor's office but rather by its own legal staff which was abolished with the termination of that agency.

WAGE STABILIZATION BOARD

I might say that the Wage Stabilization Board was set up right after the old War Labor Board went out. The War Labor Board functioned outside of the Department, and the Wage Stabilization Board merely took over their personnel.

The Solicitor's office never did serve the Wage Stabilization Board and they had their own attorneys. When the Board was abolished, the attorneys went out. They had quite a staff of attorneys, and all of them were eliminated when the Board was terminated.

ESTIMATE INCLUDES NO AMOUNT FOR SERVICING, RETRAINING, AND REEMPLOYMENT
ADMINISTRATION

The 1948 budget estimates submitted by the office of the Solicitor did not include any amounts for servicing the Retraining and Reemployment Administration, which expires by statute on June 30, 1947. Consequently, the budget estimates had already taken into account these two factors mentioned by the House Committee on Appropriations as a primary reason for cutting the appropriation. The principal legal services rendered to the Division of Labor Standards have been in connection with the enforcement of the child labor provisions of the Fair Labor Standards Act of 1938. These functions were not eliminated by the House of Representatives but funds for their continuance were appropriated to be used by the Wage and Hour Division. This can only mean that the legal services heretofore required under this act will still have to be performed by the Solicitor's office, even though they may be performed for another agency in the Department of Labor.

WORK LOAD PRIMARILY ON ENFORCEMENT OF ACTS

The preponderant proportion of the work load of the Solicitor's office is the enforcement of statutes approved by the Congress. As the volume of this work has actually increased instead of fallen off it is essential that the staff provided in the budget estimate be available if these laws are to be properly enforced. The cuts made in the appropriations for other bureaus of the Department would not affect the legal responsibility of the Solicitor in enforcing the laws which are under the jurisdiction of the Department of Labor.

Senator KNOWLAND. I have several questions that you can answer now, or could get the information for the committee.

BREAK-DOWN OF WAGE DETERMINATION CASES

Can the Solicitor's office give us a break-down of wage determination cases showing the size of the contract by brackets, so far this year?

Mr. TYSON. I think we can get that figure for you; yes, sir.

(The information requested appears on p. 183.)

NO DIFFERENCE IN COST IF WORK IS PERFORMED FOR WAGE AND HOUR
DIVISION

Senator KNOWLAND. Also, you may have answered this, but I would like to get it clarified; would there be any difference in the cost of performing those services for the Wage and Hour Division instead of for the Division of Labor Standards?

Mr. TYSON. You mean child labor?

Senator KNOWLAND. Child labor.

Mr. TYSON. I do not think so far as our work is concerned there would be, because we have the same thing to do, you see. As a matter of fact, I cannot visualize any change in cost at all, so far as a transfer from one bureau to another is concerned.

INCREASE IN NUMBER OF CASES

Senator KNOWLAND. Have the cases been increasing or decreasing in number?

Mr. TYSON. They have increased. They increased last year quite a bit. I cannot remember the percentage, but the over-all percentage which I gave you of 496 percent in our contested case load included child-labor cases.

EXTENT OF WORK FOR DIVISION OF LABOR STANDARDS

Senator KNOWLAND. Did your office perform other than enforcement service for the Division of Labor Standards?

Mr. TYSON. We did very little work for the Division of Labor Standards other than enforcement of the child labor laws. Of course, we gave them the legal opinions on certain things that they may be concerned with at times, but the primary or principal function which we were performing, and are performing for them, is in connection with child labor enforcement.

EFFECT ON WORK LOAD OF ENACTMENT OF CERTAIN PENDING LEGISLATION

Senator KNOWLAND. This is more or less of a crystal ball question, but based on the legislation to date that has been proposed, do you feel that legislation which is pending is likely to increase or decrease the work of the Solicitor's office?

Mr. TYSON. Mr. Chairman, I am definitely clear on that, that if legislation now pending is passed, we will have a tremendous increase in work, and I refer particularly to the portal-to-portal bill.

Senator McCARRAN. The what?

Mr. TYSON. The portal-to-portal bill.

As the Secretary said the other day, and I think it expresses my thoughts, the "good faith" clause in the present legislation would, in my opinion, result in multifarious litigation because you might have different decisions in each jurisdiction until the meaning of that phrase was finally determined by the Supreme Court. We would be at a loss to know the real meaning of that phrase, and also of numerous other phrases which appear in the versions of legislation that passed both Houses of Congress.

Senator KNOWLAND. Do any members of the committee have any further questions? Senator Thomas?

Senator THOMAS. Mr. Chairman, the answer of the witness gives us an idea of how we might proceed to balance the budget. First, we could stop passing any new laws; and second, repeal a good many on the statute books. It seems to me obvious that every time we pass a new bill, it calls for new appropriations. It may be inconsistent for Congress to enact legislation and then not appropriate money for execution.

Senator KNOWLAND. Senator Wherry, any questions? This is the Solicitor of the Labor Department. The first witness, Mr. Schwellen-

bach, could not be here this morning because of the telephone strike which kept him up all night.

Senator Young?

Senator YOUNG. No.

Senator KNOWLAND. Senator Dworshak.

AMOUNT OF INCREASE FOR FISCAL YEAR 1948

Senator DWORSHAK. Mr. Tyson, I note from the material submitted to our committee that your office requests for 1948 a total of \$298,000 in excess of the current year appropriation. Do you not think that you could operate on about the same amount of funds during the coming year as you are this year? Do you think you are justified in asking for an increase of \$298,000?

Mr. TYSON. Senator, I think the figure we are actually asking for is an increase of \$172,000 in salaries and expenses, and the remainder you refer to is the increase required by law under Public Law 390—\$126,000 of it.

Senator DWORSHAK. In other words, you have in 1947 column a total for your office of \$953,000 but to that must be added the pay wage increases in the deficiency bill?

Mr. TYSON. Yes.

Senator DWORSHAK. Which would make that total?

Mr. TYSON. It makes a total actually of \$175,000 more than we will have available this year. I mean, if the deficiency passes the Congress.

AMOUNT OF PENDING DEFICIENCY

Senator DWORSHAK. How much is there in the deficiency bill which, if added to the \$953,000, will make how much?

Mr. TYSON. One hundred and twenty-six thousand dollars in the deficiency bill.

Senator DWORSHAK. One hundred and twenty-six thousand dollars?

Mr. TYSON. Yes.

Senator DWORSHAK. Actually that would be subtracted from the \$298,000 increase you are asking for which would leave a net increase of about \$172,000?

Mr. TYSON. That is correct; yes, sir.

QUESTION AS TO NEED FOR INCREASE REQUESTED

Senator DWORSHAK. Do you think that is justified? Could you not so arrange the affairs of your office that you could operate during 1948 with the same amount of money you have available this year?

Mr. TYSON. Senator, I had that question asked me by the Bureau of the Budget and we were able to convince them that our work had increased so that we needed more attorneys.

NUMBER OF EMPLOYEES COMPARED WITH 1941

As I showed in my statement, we now have only 223 employees as compared with 302 in 1941.

Senator DWORSHAK. Three hundred and two in 1941. How many did you have in 1939?

Mr. TYSON. In 1939, as I explained earlier, we were unable to get any figures because the legal staff was split up over the Department. The Immigration Service office was there at that time.

Senator DWORSHAK. No comparison is available?

Mr. TYSON. It is not available, as far as I have been able to find.

Senator DWORSHAK. Then the difference in personnel, compared with 1941—you said you wanted two hundred and what?

Mr. TYSON. Two hundred and seventy-two.

Senator DWORSHAK. Two hundred and seventy-two; thirty less than 1941.

Mr. TYSON. Thirty less than we had in 1941.

Senator DWORSHAK. The difference in funds stems from the higher rates?

Mr. TYSON. The two raises in Public Laws 349 and 390.

INCREASE IN AMOUNT OF LITIGATION

Senator DWORSHAK. Do you anticipate that there will be any diminution of your work during 1948 because of the more normal peacetime conditions which we hope will prevail?

Mr. TYSON. We have not anticipated any; and, as a matter of fact, as I have tried to show in this statement, the amount of litigation is constantly increasing instead of decreasing.

Senator DWORSHAK. You make that statement. Is that largely the result of the more aggressive attitude of the office or because there is a larger amount of work at the present time?

Mr. TYSON. I think, Senator, it is attributable in part to two things. So far as the Walsh-Healey Act and the Wages and Hours Act are concerned, under the Walsh-Healey Act there were a large number of contracts let by the Government during the war, and we do not get at those cases until a year or so after the contract has been inspected.

In the Wages and Hours Act enforcement during the war the Wage and Hour Division had a lot of inspectors handling the War Labor Board work. Now, after the War Labor Board was over and these people went back to enforcing the wage-and-hour law, which was sometime last year, we began to get a flood of cases, and that is continuing right on up to the present moment.

Senator DWORSHAK. You referred to the Walsh-Healey Act. It takes about a year to catch up with the checking on the contracts. Surely the war contracts of 1941, 1942, 1943, and 1944 have already been disposed of entirely; have they not?

Mr. TYSON. Most of them have.

QUESTION AS TO COMPLETION OF BACKLOG OF CASES

Senator DWORSHAK. When are you going to complete your backlog of war cases?

Mr. TYSON. If we had enough staff, we would complete it pretty quickly, but there is enough appropriation, as I understand it, to make inspections of only a small percentage of the number of establishments that are covered.

Senator KNOWLAND. It is more or less of a spot check?

Mr. TYSON. That is right. And some establishments never have been inspected, as a matter of fact.

Senator DWORSHAK. Since when?

Mr. TYSON. Since the wage-and-hour law has been in effect—in 1938.

Senator DWORSHAK. Whose fault is that?

Mr. TYSON. I assume it is because they have not had enough inspectors to get around; 556,000 establishments are supposed to be subject to that act, and at the rate of 45,000 a year, that makes a long time.

Senator DWORSHAK. That is not under the jurisdiction of your office—the inspection?

Mr. TYSON. No.

Senator DWORSHAK. The enforcement?

Mr. TYSON. Of course, we get the cases that they send to be tried.

Senator DWORSHAK. Under what particular office does that come?

Mr. TYSON. The Wage and Hour Division.

Senator DWORSHAK. The Wage and Hour Division. That is all.

ASSISTANCE FROM JUSTICE DEPARTMENT

Senator KNOWLAND. Do you feel that you are making as full a use of the United States attorney's office and the Attorney General's office as could be made?

Mr. TYSON. We are working very closely with them and certainly follow whatever the Attorney General would suggest in cooperating with him. We are now carrying out his ideas, as I understand them, in the procedures used in handling our cases.

Senator McCARRAN. The United States attorneys in the respective districts join with your staff in enforcement in trial work?

Mr. TYSON. In criminal cases, they try the criminal cases. We send all of our criminal cases—after we have received the case for criminal action, we send them to the Attorney General, and he sends them out to the district attorneys to try the case.

Senator WHERRY. May I ask a question?

Senator KNOWLAND. Yes, Senator Wherry.

REASON FOR INCREASE REQUESTED

Senator WHERRY. Why is it you have to put back what the House took out?

Mr. TYSON. Because, Senator, I have tried to show in this statement which I have just read that our work has increased 496 percent in trial work since 1943 and we have 32 percent less attorneys than we had at that time.

Senator WHERRY. Did the House not know that?

Mr. TYSON. They did, but the reasons they gave for cuts were, in my opinion, erroneous.

Senator WHERRY. That is what I am asking for.

Mr. TYSON. They said the reason they cut us was because the Wage Stabilization Board was out, and the Retraining and Reemployment Administration was out, and the Division of Labor Standards had been abolished.

My answer is that we had never served the Wage Stabilization Board; they had their own attorneys. They were abolished, and when they were abolished, their attorneys were abolished also.

On the Retraining and Reemployment Administration, we did serve them; but this year this budget did not include any request for any funds for Retraining and Reemployment Administration attorneys.

Furthermore, even though the House abolished the Division of Labor Standards, they did not abolish the legal functions of enforcing the child-labor laws. They transferred them to the Wage and Hour Division of the Department of Labor and, so far as our office is concerned, we will still have the problem of enforcement functions under that act.

Senator KNOWLAND. The volume of work will be just the same whether it is under one bureau or another?

Mr. TYSON. That is right.

Senator WHERRY. Do you mind if I continue with another question, Mr. Chairman?

Senator KNOWLAND. That is all right; proceed.

AMOUNT OF BUDGET ESTIMATE

Senator WHERRY. What did the Budget recommend that your appropriation should be—the Bureau of the Budget?

Mr. TYSON. \$1,251,000.

Senator WHERRY. That is what you are asking for?

Mr. TYSON. Yes, sir.

Senator WHERRY. The House took it out?

Mr. TYSON. Cut us \$495,000.

Senator WHERRY. Now you are asking to have it put back in and when you get it in, it is exactly the amount the Bureau of the Budget estimated you would need for the 1948 appropriation?

Mr. TYSON. Yes; that is correct.

Senator WHERRY. That is all.

Senator DWORSHAK. Just one more, Mr. Chairman.

Senator KNOWLAND. Yes.

Senator DWORSHAK. How long have you been operating your regional offices?

REGIONAL OFFICES OPERATED SINCE 1940

Mr. TYSON. Ever since we have been organized, in 1940, I believe it was, when the Solicitor's office was pulled together. At that time, there were regional offices of the Wage and Hour General Counsel, but we took those over when all the lawyers were put under the Solicitor, and we have operated that way ever since.

Senator DWORSHAK. You think that is both economical and efficient, so far as procedure is concerned?

Mr. TYSON. I would certainly testify that I hope that is one thing that you people will not make us eliminate, because they are the people in touch with the people back home and know the problems in the field much better than the lawyers in Washington.

Senator DWORSHAK. Are they authorized to pass upon all cases without sending them to Washington?

Mr. TYSON. They have to send criminal cases, because we send those to the Department of Justice.

Senator WHERRY. Surely. And all your different branches do that?

Mr. TYSON. Yes, sir.

Senator WHERRY. That is what I was talking about a while ago. That is the way that is handled on all the criminal prosecutions?

Mr. TYSON. Yes, sir.

Senator WHERRY. That is right.

Senator KNOWLAND. Are there any further questions?

Thank you, gentlemen.

Mr. TYSON. Thank you, sir.

Senator KNOWLAND. Mr. Connolly of the Division of Labor Standards, you may proceed.

DIVISION OF LABOR STANDARDS

STATEMENT OF WILLIAM L. CONNOLLY, DIRECTOR, DIVISION OF LABOR STANDARDS; MRS. CLARA M. BEYER, ASSOCIATE DIRECTOR, DIVISION OF LABOR STANDARDS; MISS BEATRICE McCONNELL, CHIEF, CHILD LABOR AND YOUTH EMPLOYMENT BRANCH, AND JAMES DINNENY, BUSINESS MANAGER, UNITED STATES DEPARTMENT OF LABOR, WASHINGTON, D. C.

SALARIES AND EXPENSES

STANDARD CLASSIFICATION SCHEDULE

(The standard classification schedule is as follows:)

Salaries and expenses, Division of Labor Standards

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House ¹	Increase (+) or de- crease (-) 1948 estimate compared with 1947	Increase (+) or de- crease (-) bill com- pared with estimate ¹
01 Personal services.....	\$542,990	\$705,290	-----	\$162,300	-\$705,290
03 Transportation of things.....	200	200	-----	-----	-200
04 Communication services.....	1,788	1,788	-----	-----	-1,788
05 Rents and utility services.....	1,863	1,863	-----	-----	-1,863
07 Other contractual services.....	9,184	9,184	-----	-----	-9,184
08 Supplies and materials.....	250	250	-----	-----	-250
09 Equipment.....	125	125	-----	-----	-125
Grand total obligations.....	556,400	718,700	-----	162,300	-718,700
Transferred to "Salaries and expenses, Child Labor Standards, Children's Bureau, Federal Security Agency".....	+2,000	-----	-----	-2,000	-----
Received by transfer from— "Salaries and expenses, child-labor provisions, Fair Labor Stand- ards Act, Division of Labor Standards".....	-259,773	-----	-----	+259,773	-----
"Salaries and expenses, Child La- bor Standards, Division of Labor Standards".....	-59,641	-----	-----	+59,641	-----
"Salaries and expenses, child-labor provisions, Fair Labor Standards Act, office of Secretary of Labor".....	-9,986	-----	-----	+9,986	-----
Excess of obligations over appropria- tion due to Public Law 390.....	-14,000	-----	-----	+14,000	-----
Total appropriation or estimate.....	215,000	² 718,700	-----	+503,700	- ² 718,700

¹ \$154,097 recommended by House for Wage and Hour Division as follows: Youth research and employment, \$118,278; child-labor enforcement, \$35,819; \$63,000 (personal services) recommended for Bureau of Labor Statistics for labor-education program.

² Of this amount only \$625,857 is being appealed inasmuch as \$92,843 for child-labor enforcement has been deleted by House action in transferring \$35,819 to the Wage and Hour Division for this purpose and the remainder dropped as savings. Both actions agreed to by the Department.

Mr. CONNOLLY. Yes, Senator.

NATURE OF HOUSE ACTION

The amount requested for "Salaries and expenses appropriation for the Division of Labor Standards" is \$718,700. The House approved \$217,097 for allocation to other bureaus. The amount which we request the Senate to restore in this appropriation is only \$625,857, inasmuch as \$92,843 for child-labor enforcement has been deleted by House action in transferring \$35,819 to the Wage and Hour Division for this purpose and the remainder dropped as savings. This action is agreeable to the Department.

Senator WHERRY. Just a minute. You say \$625,000 and you are only asking that much to be restored, and the total amount is \$718,700, is it not?

Mr. CONNOLLY. Yes; but the House approved \$217,097; that goes to other agencies.

Senator WHERRY. Yes.

Mr. CONNOLLY. We are asking for that to come back, which makes a total of \$625,857.

Senator WHERRY. Yes.

Mr. CONNOLLY. I am very grateful for this opportunity to discuss with you the work of the Division of Labor Standards. I was sworn in as Director of this Division just 8 weeks ago. Something over 6 weeks later the House Appropriations Committee recommended the complete elimination of the Division of Labor Standards in the 1948 budget. Because I am so new, I feel very humble over the responsibility I have in explaining to you the reasons which move the Department of Labor to appeal for the reinstatement of the Division of Labor Standards as an entity and for restoration of its funds. I cannot yet pose as an expert in all phases of the Division's activities, and I have taken the liberty of bringing two staff members here to answer any detailed questions you gentlemen may ask.

You see, up to now I have been on the receiving end of the work of the Division. It was the splendid service and fine cooperation I had had from the Division of Labor Standards during my 6 years as director of labor in Rhode Island that led me to accept the responsibility for heading up this service.

SERVICE RENDERED STATES BY DIVISION OF LABOR STANDARDS

When this Division was organized, Rhode Island along with a number of other States had a department of labor in name only, but thanks to the Division's help in providing the Governor, the labor commissioner, and members of the legislature with the best experience of other States, we now have one of the strongest departments in the country. Practically every step of that progress was developed with the advice and guidance of the Division. They helped us streamline our workmen's compensation law. They helped us develop our safety codes. They have helped us train our factory inspectors.

SAFETY PROGRAM FOR INDUSTRY AND LABOR IN RHODE ISLAND

Last year, we asked their assistance in developing a State-wide safety program for Rhode Island industry and labor. As a result of

their help, I can report to you that they were able to reduce industrial accidents in Rhode Island last year by 14 percent over 1945. That is in contrast to a rise in national accident figures of 2 percent. We saved industry and workers in Rhode Island $3\frac{1}{2}$ millions of dollars by that effort alone, and I tell you, gentlemen, it just would not have happened without the technical assistance of the Division of Labor Standards. And what they did for us in Rhode Island they are doing for other States within the limits of their small appropriation. I might say that the $3\frac{1}{2}$ million we saved in Rhode Island last year is about 43 times the Division's current appropriation for safety and health. There isn't any field I know where so small an investment will bring such large returns in human welfare and in savings to the taxpayers as in industrial safety.

So it was the service I received from the Division that made me accept the challenge to administer the agency. You can imagine what a surprise it was to me, as it has been to many other State commissioners, to find that there was any question about the value of the Division's services or its place in our national economy.

EXTRACT FROM HOUSE REPORT

I wish to point out some of the misconceptions which seem to have affected the decision of the House Appropriations Committee in recommending the abolition of the Division. The committee report says:

The Division of Labor Standards was established by direction of the Secretary of Labor in November 1934. It was supposed to be the clearing house in the field of industrial safety and sanitation. It has gradually expanded its functions into the field of labor legislation and labor education.

Not only the work of the Division over the years, but the records of its establishment under the provisions of the act creating the Department of Labor "to promote the welfare of the wage earners of the United States and to improve their working conditions and advance their opportunities for profitable employment" clearly show that it has a much broader base of operation.

FUNCTIONS OF DIVISION OF LABOR STANDARDS

The Secretary and her assistant in outlining its functions to Congress in December 1933 specifically mentioned the following:

1. To put the Department of Labor at the service of any one State or any groups of States that might wish to review their labor law and to assist them in bringing their laws into such harmony as similar economic conditions in the States may indicate.

2. To act as liaison between the State labor departments and the Federal Department of Labor "so that there may be harmonious and joint action" in a great many of their administrative procedures.

3. To make available to interested parties useful information on subjects connected with labor.

4. To prepare and publish information on conditions of labor.

5. To recommend and to advise employers and employees as to proper physical conditions in work places for the purpose of protecting the life and safety of people within an industry.

6. To advise as to practical methods of eliminating dangerous and unsafe working conditions.

7. To promote educational opportunities for wage earners.

8. To advise on various methods of securing orderly industrial relations.

9. To cooperate with the States in formulating standards and policies of working conditions.

10. To foster legislation, administrative procedures, and industrial and labor practices adapted to the improvement of the working conditions and the economic position of wage earners.

The present operations of the Division are all in line with the original purpose.

INDUSTRIAL SAFETY

The House Appropriations Committee points out in its report that—

industrial safety is a field in which the States have supreme authority.

It goes on to say that—

while it may be said that the advice of a few experts in safety and sanitation is perhaps in the public interest, the committee feels that the Federal Government should be in the interests of economy curtail many functions that might be considered worth while when the Government is not burdened with debt as it is at the present time. The committee, therefore, feels that inasmuch as industrial safety must be accomplished by State law, that any efforts of the Federal Government in this field are gratuities extended to the States and can safely be discontinued until some future period.

We are agreed that industrial safety is a field in which the States have sole responsibility. This is true in many other fields, however, in which the Federal Government is now expending huge sums to assist the State authorities in doing a better job for their constituents. Take the fields of health, vocational education, agriculture, welfare—Federal aid is not withheld because the States have supreme authority. State labor departments, unlike most every other department of State government, receive no Federal funds of any kind. Now by action of the House they are to be denied the advice and guidance which the Division of Labor Standards has been able to give them in the field of accident prevention.

I cannot understand how anyone can argue that the Federal Government must sit idly by while the workers of the country are being needlessly killed and maimed by the hundreds of thousands. After all, these workers are our most precious asset. The strength of the Nation is dependent upon them.

Let us look at this plea for Federal economy at the expense of our workers and also of our employers.

INDUSTRIAL ACCIDENTS

I think most of you are familiar with the terrible annual accident toll in this country and with its costs. Last year, there were 2,000,000 industrial accidents—16,000 workers met death on the job. Such accidents in 1945 cost American industry and labor \$3,500,000,000, according to the Bureau of Labor Statistics. And since we know how to prevent the vast majority of these accidents, their cost is a terrific waste of money which is paid by the people in higher prices and by workers in the loss of wages and purchasing power as well as in immeasurable human suffering.

WAR RECORD OF DIVISION OF SAFETY

Now the \$136,000 allotted to the Division of Labor Standards for safety won't save all this cost and prevent all this waste. But, as I pointed out in the case of Rhode Island, it will save many times its expenditure. I just don't think that's debatable. Some members of this committee, I am sure, know the war record of the Division on Safety. You know that the Division organized the National Committee for the Conservation of Manpower in War Industries and coordinated the safety efforts of emergency Federal agencies and of the States and private organizations. And the result was that the United States was the only industrial nation in the world to reduce accidents in the midst of war. It reduced them 8 percent in 1944 over 1943. And there were 200,000 fewer in 1945 than in the preceding year.

The Division proved, then, that it had the technical know-how to do it. But with victory, the Federal emergency safety agencies, including the Division's national committee, were terminated, and the major burden of accident prevention was returned to the States. There has been no improvement in accident figures since that time. In fact, there was an increase of 2 percent in 1946 over 1945.

REFERENCE TO APPRAISAL BY INSURANCE COMPANIES OF SAFETY AND
FACTORY SANITATION

The House Appropriations Committee report states that—

safety and factory sanitation are being constantly appraised by insurance companies and by private organizations.

We pointed out in our testimony before the House committee that recent figures of the Bureau of Labor Statistics show that 70 percent of all accidents occur in plants that have no safety service from private organizations or from insurance companies. It is well known that in small plants it is not feasible for the insurance companies to give the attention to safety that they do in the big risks. The only group that can reach these plants in which the bulk of the accidents are now occurring are the State labor departments.

QUESTION AS TO USE OF WAGE AND HOUR DIVISION INSPECTORS

The House committee in eliminating the safety services of the Division of Labor Standards suggested—

that the inspectors of the Wage and Hour Division can be trained in the field of safety and sanitation so that when they make their inspections in the field, if violations of minimum standards of safety and sanitation are observed, the same can be called to the attention of the State authority or the manufacturer whose plant is under inspection.

The two types of inspection require different training and background. Even in the small States with few inspectors and activities are so divided that one inspector observes for plant conditions and the other for violations involving records of one type or another.

FUNCTION OF SAFETY ENGINEERS OF DIVISION OF LABOR STANDARDS

Furthermore, the safety engineers of the Division of Labor Standards are not engaged in making inspections or in carrying on enforcement activities. Their sole function is to aid the State labor departments in developing over-all accident prevention programs and in passing on to State inspectors, through training programs, the know-how of accident prevention that has been developed by the Division in cooperation with management and labor and all types of safety organizations.

Certain superficial checks on sanitation and housekeeping can be made by a wage and hour inspector, but the real hazards to workers are not in these fields. Furthermore, inspection has comparatively little to do with accident prevention. The establishment of a safety program and the development of safety consciousness on the part of workers and supervision is the major problem facing industry and State labor departments.

NEGOTIATION OF FEDERAL-STATE AGREEMENTS

Another area where the Division has saved the Federal Government far more than its cost has been its negotiation of Federal-State agreements to prevent duplicate inspections by Federal and State inspectors in the enforcement of labor laws covering wages, hours of work, child labor, industrial home work and safety and health. More than 15,000 safety and health inspections have been made to date by State staff at a savings to the Federal Government of at least \$750,000. It does not therefore seem unmindful of our need to economize, to appeal for the restoration of \$19,945 for this function.

INFORMATION AVAILABLE THROUGH DIVISION

The abolition of the Division would also remove the only Federal agency where reports, summaries, and analyses of State labor laws are available. This information was invaluable when, after Pearl Harbor, it was necessary to relax labor laws quickly and efficiently in the interest of war production. That this service is useful in peacetime seems indicated by the fact that some 5,000 written and 3,000 verbal inquiries for technical information are received each year from Members of Congress, other departments of Government, State legislators, and State labor officials, from management, labor, and civic groups.

Again I can tell you from my own experience that when, as a State commissioner, I wanted to find out what other States were doing in code making or industrial home work, I did not have time or facilities to write to 47 other commissioners to find out. I wanted to know such things too often and if I had written, I still would not know what the best practice was. It seems to me a definite economy to have a few well trained technicians in the Federal Government who know what the States are doing and can evaluate what is good economical administrative practice. After a State knows that, it sometimes needs help in adapting it to its own needs and historical development. As a user of this service as well as a taxpayer, I never thought it was extravagant to spend \$37,000 on it.

OTHER SERVICES RENDERED BY DIVISION

These are just a few instances which show how intimately acquainted with State needs this agency is and how it constantly strives to strengthen the States. By vote of the State officials, the Division serves as secretariat for both the International Association of Governmental Labor Officials and the International Association of Industrial Accident Boards and Commissions. The Division has arranged the annual conferences on labor legislation to which governors of the States send representatives and which over the years have done so much to stimulate improved labor laws and administration. Thus, if the Division's funds are eliminated, the Department will lose its intimate contact with State labor agencies and will forfeit the continuance and development of close Federal-State cooperation in labor-law administration.

AMOUNT FOR DIVISION'S LABOR EDUCATION SERVICE

The appropriation bill also reduces the budget allotment of \$121,200 for the Division's labor education service to \$63,105, the amount available for 1947, and transfers this function to the Bureau of Labor Statistics. The Department is appealing for the restoration of the \$121,200 and for the retention of this function in the Division of Labor Standards.

EXTRACT FROM HOUSE REPORT

In commenting on the labor education functions of the Division the House committee pointed out that—

this was established as such for the first time as the result of \$34,000 made available in the 1947 appropriation. There is actually being expended, however, \$63,015 in salaries for this purpose during 1947. The basic law setting up the Bureau of Labor Statistics provides adequate authority for this activity, and the committee has transferred to the Bureau of Labor Statistics \$63,000 for a labor education service branch which at present involves 14 positions.

LABOR EDUCATION

As a matter of fact, many of the Division's activities have always been in the nature of labor education. The materials developed on labor law and popular pamphlets on problems such as the Older Worker are widely used in educational programs. During the past few years, a new kind of request has been coming to the Labor Department in increasing numbers. These requests reflect the growing awareness of management and labor groups of the need to train their supervisors and union officials in the peaceful art of industrial relations. That awareness was evidenced at the President's Labor Management Conference, when such training was one of the few things the conference agreed upon as a necessary means of preventing national industrial strife. Management, labor, and universities wanted advice on the setting up of training courses, how to recruit teachers who could relate available material to the specific concerns and experience of foremen and shop stewards.

TEXT MATERIALS

They wanted basic text materials on collective bargaining, contract administration, grievance procedure, labor, history, and legislation. They wanted information on what other groups and agencies were doing in this field. These requests could not be sent to the Conciliation Service since there was no strike to settle or avert. They could not be sent to a fact-finding agency like the Bureau of Labor Statistics because what they wanted was not a statistical report on economic data but advice and guidance and simple readable basic texts.

Senator KNOWLAND. Right at that point, may I interrupt? How many of those texts have the Bureau of Labor Standards published currently?

Mr. CONNOLLY. About six.

Senator KNOWLAND. Could you furnish copies to the committee?

Mr. CONNOLLY. Yes; I certainly could.

(The documents referred to were filed with the committee.)

QUESTION AS TO OTHER AGENCIES WORKING ON TEXT MATERIALS

Senator WHERRY. May I ask a question now that you have stopped. What other groups or agencies were doing the same work you mention here at the bottom of page 10? You state:

They wanted basic-text materials on collective bargaining, contract administration, grievance procedure, labor history, and legislation. They wanted information on what other groups and agencies were doing in this field.

What other agencies are doing the same thing, or are they doing the same thing?

Mr. CONNOLLY. Mrs. Beyer?

Mrs. BEYER. May I answer that question?

Senator WHERRY. Yes.

Mrs. BEYER. Other colleges. For instance, the University of Wisconsin was one of the pioneers in this field, and Cornell University has an interesting experiment under way. Harvard has a program. Ninety colleges now have programs of one kind or another for training in industrial relations. The school and college want to do what others are doing. Ours is the only place that acts as a clearing house for this type of information.

Senator WHERRY. By "agencies," you do not mean other Government agencies?

Mrs. BEYER. No, sir.

Senator WHERRY. Either State or Federal?

Mrs. BEYER. We are the only Government agency doing anything in this field.

Senator WHERRY. I see.

ORDER CREATING DIVISION OF LABOR STANDARDS

Senator KNOWLAND. Could you get for the committee and put into the record the administrative order which created the Bureau of Labor Standards?

Mr. CONNOLLY. Yes; we could.

(The document is as follows:)

UNITED STATES DEPARTMENT OF LABOR

DIVISION OF LABOR STANDARDS

No formal administrative order of the Secretary was issued to establish this Division. There is inserted at this point title 5, chapter 2, section 611, which created the Department of Labor and sets forth its scope and responsibility, and it is this organic language which is the legislative basis for the creation and continuance of the Division of Labor Standards. The House Appropriations Committee hearings on the initial appropriation (the fiscal year 1935) for that Division are inserted, together with an excerpt from the committee's report, defining the activities of the Division.

UNITED STATES CODE

(Title 5, ch. II, sec. 611:) There shall be an executive department in the Government to be called the Department of Labor, with a Secretary of Labor, who shall be the head thereof, to be appointed by the President, by and with the advice and consent of the Senate, and whose tenure of office shall be like that of the heads of the other executive departments. The provisions of sections 1-9, 22-26, 33, 38, 43, 44, 48, 49, 51, 91, 93-96, 99, 102, 104, 106, 107 of this title shall be applicable to said department. The purpose of the Department of Labor shall be to foster, promote, and develop the welfare of the wage earners of the United States, to improve their working conditions, and to advance their opportunities for profitable employment. The said Secretary shall cause a seal of office to be made for the said Department of such device as the President shall approve and judicial notice shall be taken of the said seal (Mar. 4, 1913, ch. 141, 1, 37 Stat. 736; Mar. 4, 1925, ch. 549, 4, 43 Stat. 1301).

[Excerpt from the House Appropriation Committee's hearings on the Department of Labor Appropriation bill for 1935, pp. 3 to 11]

PROPOSED BUREAU OF LABOR STANDARDS AND SERVICE

Secretary PERKINS. I have created here or have asked to create a new Bureau of Labor Standards and Service. We are really creating it at this moment, because we are utilizing the moneys which are appropriated and are about to transfer certain of them so that we can carry on a little activity in this field because there is a great demand for it. That accounts for a very large part of the increase in that particular division. Seventy-three thousand six hundred and eighty-five dollars of the request for the Secretary's Office is due to the creation of this Bureau of Labor Standards and Service; this amount is slightly greater than the total increase for all services designated under the caption, Secretary's Office. I want to discuss that with you so that you may know what I have in mind to do.

Mr. Chairman, you spoke before this hearing of this trip to the South—to Atlanta. This is one of the functions of the Bureau of Labor Standards and Service, to put the Department of Labor at the service of any one or any group of the States who may wish to review or study their labor law, the necessity for their labor law, the necessity for modifications of it, and to assist them in bringing the laws of the various States into such harmony as similar economic conditions in the various States may indicate.

There is a very real disposition on the part of the States to revise their labor laws at the present time, to bring them into some kind of harmony with the principles of the N. R. A. and to bring them into some harmony with the laws of other States.

We have all seen the disparity between the laws of one State and another, and have even seen in some States competitive advantage to the manufacturer who happens to have his plant in the lower standard State.

There is a disposition to overcome that on the part of State governments and on the part, I may say, of the manufacturers themselves. Yet, in the urge of that movement a great many injudicious and unwise things are sometimes done by rushing into legislation which has been inadequately studied beforehand, either with reference to the economic conditions in that particular State or with reference to the general trend of legislation throughout the country.

It would be highly desirable if we gradually in this country came to have harmonious labor legislation in all of the States so that they are not greatly out of line, although there would always, of course, be differences to meet the peculiar situations in the different States.

This trip to Atlanta was one of the first of a series—was the first, as a matter of fact, of a series of regional conferences which we have been asked to undertake, one of the Congressmen has asked us to come into that area at this particular time in December; and although this new bureau does not exist, those of us who are in the Department of Labor turned ourselves temporarily into a bureau of labor standards and service, I, feeling that it would be very wise for those of us who are to be charged with the administration of the future, to more or less make the original experiments and to see just how it would operate.

It is very much easier to direct other people's activities in a field if one has actually taken part in that field of activity one's self.

So that I took down there a man from the Bureau of Labor Statistics who is an expert on the laws of the various States. I took Miss LaDame, who is at the head of one of the branches of the Employment Service. I took Mr. Fitzgerald, who is one of the directors of information and experienced in educational work and in the preparation of material, and so forth; and I took Mr. Battle, an assistant to the Secretary, who had been in charge of Public Works and our contract with the N. R. A. and all that sort of thing and who is familiar with the codes and the Public Works proposals and the Civil Works proposals. And I went myself.

We adjourned after that conference down there with a request for the formation of an interstate committee between those five Southeastern States—the formation of an interstate committee for labor legislation and with the request from that conference, which was made up of delegates appointed by the Governors, that the Secretary of Labor designate a secretary of this Interstate committee; that is, they are asking the Department of Labor to be the liaison between the State to furnish the mechanics of cooperation between the States and furnish the information; in other words, to keep that movement alive and to supply it with information appropriate to the inquiry.

The first thing they asked us to do is to set up for them a method of making a survey of their own industrial and economic conditions. It is a very important duty, as you will see. It means that they will make their survey on the same basis as other States. Each State will make its own survey through its own legislature and its own State university, but they will all be following a similar pattern and therefore their results will be comparable with each other and with other States of the Union.

I cite that as being a concrete example of the kind of thing that will be done by the Bureau of Labor Standards and Service. That is one method of approach to it.

For instance, there are throughout this country a great many people, workmen, working without the protection of adequate workmen's compensation laws. As you know, four States have no law pertaining to workmen's compensation. Some States have very inadequate compensation laws, which should be graded up.

There is a great difference in the conditions of protection which different States afford to their workmen, from the point of view of safety and health on their jobs, at their places of work, so that the improvement of the physical conditions of work places, to prevent accident and to prevent industrial and occupational diseases, it is a very important matter; the coming in of new chemicals into general use in industry, the creation of work hazards from various kinds of chemical poisonings which are not well understood; it is essential that in the simplest possible way the people who are exposed to these hazards be made aware of them; that the manufacturers who use these hazards be made aware of them because it is quite true that they often use them without knowing that they are using something dangerous; that the local communities be aware of the ways to prevent these particular hazards, both of accident and illness.

We can get a tremendous amount of cooperation from scientific bodies and from industrial-management bodies, from local State organizations, as well as from Federal Government enterprises. We can get that cooperation provided only we have a rallying point. In other words, we can do a great deal for very little expenditure if we have within the Department of Labor a rallying point, an activity, and a personnel sufficient to keep all these cooperative forces in line and working together for the achievement of the result, which is to have all of the workplaces of the United States of America, in whatever State they may be located, safe for the people who work in them.

So these are some of the activities to be carried on by this Bureau.

STUDIES OF EDUCATIONAL FACILITIES FOR ADULT AND ADOLESCENT WORKERS

There is another great new problem coming before us. These are only some of the things that we do, you understand. That is the question of the workers' education and the question of proper educational facilities for adults and for adolescents who are working people.

We already have a conference going on between the Office of Education of the Département of the Interior and the Department of Labor, and that conference must be kept alive. But it must not be merely a conference of people at the heads of departments. I think that even the greatest wisdom here in Washington in an administrative branch of the Government is not comparable to a little wisdom out in the field where the human beings are who are being educated or those who may be exposed to this education may exist. Our duty and our function will not be to lay down the principles of education. That we have to leave to the Office of Education. They know more about it than we do. Our function is to put into a realistic relationship to this program the people who are going to be exposed to the education; these are the adult workers and the adolescent workers, and we must do that in order to get the test of reality.

I am a great believer that many of these things can be done by cooperation, but here again we need a rallying point in the Department of Labor, with its contacts with the working people and its obligations to the working people. We can build up a rallying point for development of the kind of education that the working people want and are able to take—are able to take effectively. Just reading and writing and geometry and physics are not always attractive to adult persons who are just as mature and intelligent as those who have been through college. They want something on which they can use their minds, something in which they are interested, and oftentimes the formalistic treatment that they get in schools does not really help to develop their own personality and their own experience. We want to give them the kind of education that they need, and it is very important that there be someone to gather in these ideas. We get a great many letters and the following up of those letters and the contacts that are made will be of very great importance. At any rate, that is one of the things that we have to do.

Mr. OLIVER. I regret that an important official matter requires me to leave at this time and that I will not be privileged to hear Madam Secretary finish her statement. I know that her time is busily engaged and for that reason will not adjourn the hearing to suit my own convenience. I have been very much interested in the reorganization of the Department of Labor and the contacts which this committee have had with those who have been placed in responsible positions under this reorganization have impressed us most favorably.

I think the purpose of the Secretary's visit this morning, as outlined in the general remarks which she has thus far made, indicate that the hearing this morning should be confined largely to a general statement of the activities of the department which she and those whom she has chosen to advise with her have outlined will be the work of the Department under the plans thus far formulated.

Later, if the committee desires, after we shall have completed the justifications for the appropriations that have been asked, if it is desirable to have a further conference with the Secretary relative to matters that may then suggest themselves to the committee, I shall be pleased to request that the Secretary, when it is convenient to her, appear again to answer further questions.

Secretary PERKINS. I shall be very glad to do that. Of course, these matters are not static. I am giving you these as illustrations of the type of thing that this Bureau is doing. We will choose as an activity whichever item seems to be most important or where we get the best opening at a given time.

There are other activities we have thought of and are already working on, because we are forced into them by people coming to us and demanding that we do thus and so, and we have begun to do these things in a most inadequate way, using a fraction of my brain and little of the statistical work of the Bureau of Statistics and something else somewhere else; we are being called upon all the time for advice and help in the improvement of community life and community opportunity for wage earners, such as housing, improving housing for workers, improved recreational facilities, health facilities, utilization of all of the cultural provisions of the States and of the cities. We are being requested to make it possible for the working people to utilize those.

I get letters from all sorts of local committees, saying that the working people in their community never have a chance to see the art exhibit because it closes

at 5 o'clock and is not open on Sundays, and can't I do something about it. Well, now, of course I can write a letter. But there is a great opportunity in this great country for raising not only the standard of living of our community but the standard of culture. And these matters of housing, these problems are, of course, coming to be very real with the Government's new housing problems. I myself have been very active in that. But there is a limit to the degree of detailed responsibility that I can take for the actual planning of workers' housing.

Here again, the most important thing is that the working people themselves should be involved in the planning for workers' housing and that they should have something to say about what kind of a house they want, how much they will pay for it, the location in which they want it, and all that sort of thing; and the way in which they live. It is highly important that that be done.

Here again the Department of Labor is the natural connecting link and the place where everybody comes expecting help.

INVESTIGATION OF STABILIZATION OF EMPLOYMENT AND INCOME OF CAPITAL AND LABOR

There is also a great problem before this country in the industrial and labor field which is not adequately covered by any department of the Government and in which leadership is very much needed. This is the question of stabilization of employment and income both for labor and for industry. It is the technique of the prevention of unemployment by stabilization. It is the technique of insurance either by States or by the Federal Government or by industries against the depredations of a long period of unemployment.

In this field particularly the most conscientious and broad leadership is necessary and here again a rallying point in the Department of Labor is all that is necessary to bring to focus the cooperative activities of the States, of private agencies, of scientific bodies, and all that sort of thing.

I believe that a great deal of progress can be made if we set up in this little bureau a rallying point for that kind of activity.

The question of working conditions, by which is ordinarily meant wages and hours, has, of course, come right to the front under the provisions of the N. R. A. Here again we have a temporary law and a temporary organization. To the Department of Labor there come a great many complaints and kicks with regard to the incidence of these codes, and although the N. R. A. will, of course, set up its own system of compliance and order, nevertheless, as a temporary organization it is not going to take the responsibility and take the care with regard to the investigation or the study of the general situation that the Department of Labor will.

The N. R. A.'s duty will be to see to it that in any particular case the code is absolutely obeyed. The duty of the Department of Labor will be to go into the whole problem of whether or not that requirement of 40 hours or of 36 hours or of 37 hours can be obeyed; whether or not there is a reason for the violation of the code in that particular, a reason which should be considered by the orderly organization of government and perhaps a modification ought to be made.

It ought to be the duty of the Department of Labor to see to it and to look into the extent to which the working people themselves are actually satisfied with the operation of the code, or have complaints; in other words, it is their duty to see to it that the appropriate kind of enforcement is set up and that the appropriate cooperation between State and Federal Government is maintained and as a Department of Labor functioning closely with the State department of labor, we will be in a position to do that.

Mr. GRIFFIN. That means, if you will pardon the interruption at this point, a certain amount of cooperation with the N. R. A.

Secretary PERKINS. That, of course, we have been having; not only a certain amount of cooperation but a very definite amount of cooperation with the N. R. A. and shall continue to have it. At least I think it is the appropriate thing for us to do, don't you?

Mr. GRIFFIN. I think so; yes. And your intervention is welcomed, I presume.

Secretary PERKINS. Oh, it is welcomed; it is invited, and if it were not invited I should think there was something wrong with the Department of Labor. That is, it is the duty of the Department of Labor to so organize and behave itself that its help is both wanted and needed and used by the N. R. A.

INVESTIGATION OF CHILD LABOR IN SUGAR-BEET FIELDS

For instance, in this matter of child labor in the beet sugar fields—which is a very difficult and trying problem, and comes under the Agricultural Adjustment activity—the Department of Labor has been asked to make a report on that to the Agricultural Adjustment Board, and that is where, of course, they should get their information. They should not have to set up a separate investigating staff of their own for that thing, but should rely upon the information in the hands of the Department of Labor and such additional information as the Department can get.

And may I say that I am proceeding upon the theory which I hope the Congress will think is sound, that the States are, after all, sovereign agencies in the enforcement of law in this country, and that in the building up of the appropriate agencies within the States and in the development of proper and suitable and strong departments in the various States, there likewise really lies the clue to good administration of any of these general principles which may be stated by the Federal Government. And that there will have to be a growing cooperating relationship between State and Federal authorities.

COOPERATION WITH STATE COMMISSIONERS OF LABOR AND INDUSTRY

I myself am working in close cooperation with the commissioners of labor and industry of all of the States. That is one of the things that we aim to do more and more to build up that relationship between the State labor departments and the Federal Labor Department, so that there may be a harmonious and joint action in a great many of these administrative procedures and in the following up of compliance under N. R. A. and under the codes we shall utilize, so far as possible, the State departments of labor.

In some States, as you know, those departments are very weak. There is one factory inspector; sometimes there is one man devoting but half of his time to factory inspection. In those cases, of course, we cannot get a prompt and suitable report and we shall have to have some people go into that field to follow up. But a part of our duty will be not to take unto ourselves the permanent activity in that field to fill in temporarily and at the same time attempt to build up in that State and in that State government and legislature the conception that they ought to be able to do this for themselves and not to rely on the Federal Government.

Mr. GRIFFIN. For instance, in the matter of the reemployment bureaus in the respective States?

Secretary PERKINS. Exactly.

Mr. GRIFFIN. As explained very fully yesterday by Commissioner Persons.

Secretary PERKINS. Exactly. For instance, if we find that the hours of labor under one of the codes is being habitually violated in a certain State where they have one factory inspector, one labor inspector in the State, a part of our duty will be not only to correct the violation but to point out to the Governor and the legislature of that State the degree to which we found the violation there and why it was there; not the fault of the one inspector that they have, but how impossible it is for one man to carry on the educational and inspection work necessary to secure a complete compliance.

PERSONNEL REQUESTED FOR INSPECTION SERVICE

Those things grow slowly. But I believe that the direct approach will be the way in which we shall have to do it and the way in which we have been doing it. Therefore we have asked in this set-up for relatively few people for the inspection service although I think perhaps you thought there would be more. We have asked for only six inspectors on code compliance and one assistant in charge of code compliance and State cooperation. We are relying, you see, much more on direct contact than on a large police force. I would prefer to have a smaller number of good people in circulation than to have a big police force rushing all over the country, attempting to do what the States really ought to be doing for themselves. Do I make myself clear on that?

In other words, I would like a small force of really good people closely integrated with their own supervisor here and a first-class person in charge of them, so that the approach to the States may be diplomatic and friendly.

Mr. GRIFFIN. By the way, who is the person in charge?

Secretary PERKINS. There is no person yet. I have not spent my money before I saw it, sir.

Mr. BACON. This is for the fiscal year 1935?

Secretary PERKINS. Yes.

Mr. BACON. Which does not begin until July. But you will start it before July, will you not?

Secretary PERKINS. I hope so. As a matter of fact, at the present time we are doing some of this. It is not having the right kind of heading up. I am calling upon Mr. Lubin, Commissioner of Labor Statistics, to do some of it. I have called on Mr. Wyzanski, who is the Solicitor, to do some of it, if it is a field in which he has some knowledge; I have called on Mr. Saunders to do some of it. I have called on a very able woman whom I discovered in the Children's Bureau, Mrs. Clara Beyer, who used to be the head of the Minimum Wage Commission of the District of Columbia, when it existed; I discovered that she had ability and knowledge of conditions in many of the States, so I called on her to do many things that are slightly out of the field of her activity as defined in the description of her duties.

Mr. GRIFFIN. That is the reason that I asked the question. I assumed that you had already inaugurated the service.

Secretary PERKINS. We are carrying on some of these activities; yes. I am keeping it in my own head, but that is not the right way. It should be centralized, I realize that.

Mr. BACON. I do not think anybody will find fault with your inaugurating it and getting it in shape before the beginning of the fiscal year.

Secretary PERKINS. It is kind of you to say so. But we want to be sure we have the money at hand.

ADVICE TO ORGANIZATIONS ON FORMATION OF UNIONS

Then, of course, cooperation with the States is a very important item. Another important item is going to be—this is a very difficult thing to describe, but already we are getting applications from them. I do not know whether you know that a great many new unions are being formed at the present time. They are being formed by people that never had a union before, and we are getting a great many requests for advice and help and information from those groups. We feel that we have a very real responsibility at the present moment, that if a group of people who have newly associated themselves into a labor union want advice from the Department of Labor as to how to proceed, not for the purpose of a strike but how to proceed for the purpose of having an orderly organization which will build up an effective and sensible relationship both with the public and with their employers, we should give them that advice.

Mr. GRIFFIN. And to take advantage of the bargaining clauses of the code?

Secretary PERKINS. Yes; and give them advice that will put them in a sensible relationship; and among the things that we are getting, of course, are many requests for information; information about their own trade, about their own industry, which they do not perfectly understand. Most of these people know the conditions of work in the particular factory or plant where they have been working, but they do not know about the trade in general. They do not know the economic or industrial ramifications of the industry in which they are, nor do they know with what other industries they are naturally allied. Those are things on which we must help them.

Mr. GRIFFIN. Can you state offhand how many of those unions have been created since the institution of the N. R. A.?

Secretary PERKINS. Can you, Mr. Lubin, give that information?

Mr. LUBIN. The total number of charters given to locals is about 600, but those are local unions, you see.

Secretary PERKINS. They are charters granted by the A. F. of L.?

Mr. LUBIN. Yes.

Secretary PERKINS. There are some other unions formed that have not requested a charter from the A. F. of L. which nevertheless come to us for information, and they regard themselves as an organization of similar standing to those who are affiliated with the A. F. of L.

We are getting a great many requests from the old-line unions. Six hundred have been chartered by the A. F. of L., and there are other groups formed that have not been chartered. But in any event, whatever they are, the Department of Labor has an obligation to give them such information with regard to methods and economic knowledge as it has at its disposal. We feel if they want ques-

tions answered for which we have the answer that it is our duty to institute the survey or inquiry which will bring the answers.

In a great many instances this does not mean elaborate new research. It means merely the assembling of information which is available somewhere in the Government. Is that not true, Mr. Lubin?

Mr. LUBIN. Yes. You might add, Madam Secretary, that every labor group that has had anything to do with any code has had no other source to which to go for information, in attending hearings, than the Department of Labor. In other words, I do not think there has been a single code adopted in reference to which either the NRA or the unions themselves have not used our data.

Secretary PERKINS. Exactly. They have come to the Department of Labor for the information with which to present labor's case before the NRA. We scarcely knew how, because the pressure has been so great this summer, as you can imagine, but we have met it; and practically everybody in the Department of Labor has been turned over to this work when necessary, and we have, I am frank to say to you, taken people in the Children's Bureau, in the Women's Bureau, in the Conciliation Service, in the office of the Secretary, I think everywhere except the Naturalization and Immigration Service—we have taken people from those Bureaus, an individual here and there, and put them to work under Dr. Lubin's direction, to get the information that was necessary for the codes. The Bureau of Labor Statistics has turned itself inside out in order to get this information and to make it available promptly and, may I say, make it available in a form that was easily understood and readily used by the people who had the responsibility of taking some action.

We realize that that, of course, is going to be a continuing function as these codes are corrected and amended, as they will be in the future; there are applications coming in now by some of the industries to have either the hours shortened or the hours lengthened, and the textile code, you remember, the other day had a request to shorten the working hours of machinery. In every case the N. R. A. turns to us or the labor people turn to us for information.

Mr. McMILLAN. In that case, Madam Secretary, I imagine that simplicity of form and language is one of the essentials?

Secretary PERKINS. That is very important. May I say that we have all of us taken a self-denying oath against elaborate language in the information given, and we are striving at every point to simplify our language and to submit information that the economists and statisticians dig out, to the critical eye of a person who is accustomed to breaking things down into the simplest kind of language. We have been fairly successful, I think, in having our material understood by the people who had to use it.

I have been describing to you some of the functions that we expect to carry on with this \$73,000 that we have asked for the Bureau of Labor Standards and Service.

Mrs. KAHN. According to our data here the final sum is \$73,685.

Mr. SAUNDERS. Yes, Mrs. Kahn.

Mr. BACON. All of your figures in your estimates take into consideration the 10 percent salary cut?

Mr. SAUNDERS. In the printed statement before you, yes; but not in the typewritten justifications as submitted, which were prepared on the basis of a restoration of the entire 15 percent of salary reduction.

[Excerpts from the House Appropriations Committee's report to accompany the Departments of State, Justice, Commerce, and Labor appropriation bill for the fiscal year 1935]

DEPARTMENT OF LABOR

PROMOTION OF HEALTH, SAFETY, EMPLOYMENT, ETC.

The justification for this appropriation of \$73,685 will fully appear from the interesting general statement of Madam Secretary Perkins which is set out in the hearings. She feels that this fund can be used to great advantage in assembling information collected by her own Department, by other departments of the Government and by outside agencies. When this volume of information is carefully assembled, digested, and studied she feels it will splendidly equip the official staff of the Secretary to accomplish the general objective for which the fund is primarily asked, viz:

"The promotion of health, safety, employment stabilization, and amicable industrial relations for labor and industry."

The committee has also been assured that it may result in a better coordination of the agencies already existing within the Department.

CREATION OF LABOR EDUCATION SERVICE

Mr. CONNOLLY. So the Department routed the requests to the Division of Labor Standards, which was thus practically forced to pioneer in this field. Several staff members not only took care of correspondence but prepared the first Government publications available on settling plant grievances, training shop stewards, et cetera. When the \$34,000 was made available by appropriation last year new staff was added to the old and other related activities were combined for administrative purposes into a labor education service, with a total budget of \$63,105.

INCREASING REQUESTS FROM COLLEGES AND UNIVERSITIES

The rapid expansion of activities of colleges and universities in labor education has meant increasing calls on the Division for advice on organization of classes and materials, for these courses cannot follow the established pattern for college training. Not only have these "students" worked all day—often at hard, manual labor—before going to class, but they do not understand academic language and seldom have had the advantages of higher education. So experience has found the best courses to be short and specific and geared to the specific needs and experience of the students.

SAMPLE REQUESTS RECEIVED

I would like to refer you gentlemen to some sample requests which the Division has received from all these groups and which it submitted to the House Appropriations Committee. You will find them on pages 121–126 of the hearings. I, also, brought along today some of the basic texts which the Division has issued in response to these requests—the Foremen's Guide to Labor Relations, Federal Labor Laws and Agencies—a Guide for Shop Stewards and Supervisors, Arbitration of Grievances.

QUESTION AS TO DUPLICATION WITH OFFICE OF EDUCATION

Senator KNOWLAND. Right at that point, just to clear the record, and to attempt to get the facts; do you believe that this type of work could be performed by the Bureau of Education in the Federal Security Agency? I mean, is there any duplication of the work you are doing and what the education is doing?

Mr. CONNOLLY. No, there is not, Senator, and I do not believe it could be duplicated.

Senator KNOWLAND. Such as the correlating of the work from the various universities that was mentioned? I was wondering whether they were doing the same thing, and whether there might be a duplication in that field.

Mrs. BEYER. No. We work closely with Dr. Russell, the head of the University Extension Service of the Office of Education. He sits

in on our Advisory Committee, and we have worked together closely on every step. There are no duplications. If the Office of Education should go into the industrial relations fields they would have to add staff already available in the Labor Department. This would not be economy.

Senator KNOWLAND. I wanted to clear that up, because a question might arise later, since this committee also handles the budget of the Office of Education.

TRANSFER OF LABOR EDUCATION PROGRAM TO BUREAU OF LABOR STATISTICS

Senator WHERRY. Mr. Chairman, as I understood it, the House did provide for the transfer, did it not, to the Bureau of Labor Statistics?

Mr. CONNOLLY. That is right.

Senator WHERRY. This portion of this program. Is that not right?

Mrs. BEYER. Yes; the labor education program.

Senator WHERRY. Is there a duplicating agency there?

Mrs. BEYER. No.

Senator WHERRY. They have never done it before?

Mrs. BEYER. They have never done it before, and if it goes there, as Mr. Connolly will point out, it will weaken both programs, because their's is a fact-finding agency. They should not be involved in this activity which is a clearing house for materials and advice on a subject difficult to handle.

Senator McCARRAN. It means their setting themselves up to handle an entirely different kind of work from which they have been handling in years past?

Mrs. BEYER. I do not think the Commissioner of Labor Statistics would welcome having this service put into his hands.

Senator McCARRAN. Whether he would welcome it or not, is not really the question. The question is: Is there a loss by reason of transfer due to the fact that the new department to which it has been assigned is not set up to conduct the work.

Senator WHERRY. I notice that the amount of \$63,000 involves salaries for 14 positions.

Mrs. BEYER. Yes, sir.

Senator WHERRY. If you did turn it back, would there be an administrative loss or gain in putting it over with the other department?

Mrs. BEYER. There would be no gain whatsoever.

Senator WHERRY. None whatever?

Mrs. BEYER. None whatever.

Senator WHERRY. You would have to have that administrative budget whether it was transferred to that department or whether it remained in your own?

Mr. CONNOLLY. That is right.

PURPOSE OF LABOR EDUCATION PROGRAM

The purpose behind all these efforts is to promote industrial harmony by education—to train management and labor representatives to settle grievances promptly and fairly where they arise—or better still, to prevent their development—and not let them grow and fester into full-blown industrial disputes. The purpose is to educate union

officials and members in their rights and responsibilities as loyal citizens as well as members of labor organizations.

EFFECT OF TRANSFER TO BUREAU OF LABOR STATISTICS

Transfer of the labor education activity to the Bureau of Labor Statistics would have a crippling effect upon that Bureau and would also have a crippling effect upon the program which the Division has developed. Contrary to the findings of the House committee, there is no conflict or duplication whatsoever between the work now being done by the Bureau of Labor Statistics and that carried on by the Division of Labor Standards. The Bureau is a fact-finding agency. As the House Appropriations Committee says, it—

compiles statistics in industrial relations, industrial hazards, employment and construction statistics, productivity, technological development, and occupational outlook.

Some of these materials can be used in workers' education classes as printed. Others, however, must be pointed up and related to the problems at hand before they can serve a useful purpose in training. Our materials are developed in close cooperation with the Bureau of Labor Statistics so as to prevent the very duplication referred to by the House committee.

COST OF LABOR EDUCATION PROGRAM

We in the Division are as concerned as Congress and the country to promote labor-management harmony. We sincerely believe that labor education is one means at hand, and we submit that \$121,000 does not seem a very large price to pay for the prevention of costly industrial strife.

AMOUNT FOR CHILD-LABOR AND YOUTH-EMPLOYMENT FUNCTIONS

The 1948 budget also carried \$358,707 for the Division's child-labor and youth-employment functions. The amount provided \$94,593 for the enforcement of the child-labor provisions of the Fair Labor Standards Act. The House appropriations bill cut this enforcement item to \$35,819 and transferred it to the Wage-Hour Division. The Department is making no appeal on this item.

AMOUNT FOR RESEARCH AND ADVISORY SERVICES IN CERTAIN FIELDS

The 1918 budget total also included \$264,114 for research and advisory services in hazardous occupations and in other child labor and youth employment fields and for cooperation with the States in age certification programs for employed minors. The House appropriation bill cut this item to \$118,278 and transferred these functions also to the Wage-Hour Division. The Department is appealing for restoration of the full amount of \$264,114 and for the retention of these activities in the Division of Labor Standards.

FUNCTIONS FORMERLY IN CHILDREN'S BUREAU

As the Secretary of Labor has testified, these functions came to the Division of Labor Standards when the Children's Bureau was trans-

ferred last July to the Federal Security Agency under Reorganization Plan No. 2. So these functions are historically a part of the Children's Bureau established by Congress in 1912.

QUESTION AS TO DUPLICATION OF WORK UNDER FAIR LABOR STANDARDS ACT

Senator KNOWLAND. Might I interrupt you to inquire whether there has been any duplication of the work performed by the Wage and Hour Division of enforcement of child labor provisions of the Fair Labor Standards Act with the work of the Bureau of Labor Standards?

Mr. CONNOLLY. Miss McConnell?

Miss McCONNELL. No, sir. There has been no duplication. We have worked very closely on the enforcement program where all inspections are made by the wage and hour inspectors, and there has been no duplication in these child labor functions as they have been carried out first in the Children's Bureau, and since July 1946 in the Division of Labor Standards. We have been responsible for the review of child labor cases whereas review of the wage-hour cases has been carried out by the Wage and Hour Division.

Senator WHERRY. There is no duplication there at all?

Miss McCONNELL. No, sir.

WORK OF CHILD LABOR AND YOUTH EMPLOYMENT BRANCH

Mr. CONNOLLY. This child labor and youth employment branch has therefore vast experience and an enviable record in the protection of the country's youth. It conducts research on hazardous and undesirable jobs for youngsters and on educational and employment opportunity for youth. It advises State labor officials, labor, and community groups in the development of sound child labor standards and of educational and employment opportunity.

PUBLICATIONS ISSUED

Senator WHERRY. Do you have any text on that? How do you do that? Textbooks or what?

Miss McCONNELL. We do not have textbooks, but we do issue some publications from time to time, and we do deal a great deal with individual requests for assistance from State agencies such as the State labor departments, sometimes the State education departments, and from both State and national organizations.

We are also asked for help in these matters by State code commissions, for example, which are set up to deal with the problems of legislation affecting children and young persons.

We are asked for assistance on development of child labor regulations and often on school attendance laws, because they are very closely related in the States, as you know, the child labor laws.

Senator WHERRY. It is mostly from educational centers, is that it?

Miss McCONNELL. That is right.

Senator WHERRY. And agencies that ask for information?

Miss McCONNELL. That is right, and for assistance in helping them develop standards.

Senator WHERRY. Do you get many requests just individually from people?

Miss McCONNELL. We get some. We get them from employers sometimes. We get them from workers sometimes. We get them from individuals who are interested in the subject and who want materials.

Senator WHERRY. Yes.

Miss McCONNELL. We get them from college students and from college professors who are working or teaching in those fields.

This Branch has been the center, ever since there was a Children's Bureau, of information and advice on these subjects. People all over the country turn to us.

Senator WHERRY. There is no other place they get that service except in your job?

Miss McCONNELL. I think that is correct.

VALUE OF SERVICES RENDERED

Mr. CONNOLLY. I can tell you from practical experience how I used these services as director of labor in Rhode Island. When we reviewed our basic child labor law, we asked their help in discovering and adapting the best State experience to our needs. When we set up the division covering child labor, they gave us all the techniques and procedures we use today. They have helped us on everything from limiting weights for minors to our present age certification program.

You know, age or work certificates carry proof of age and, issued before the minor goes to work, protect both him and his employer against unwitting violation of our child labor laws. They are issued in Rhode Island by local school officers and the Federal child labor authorities helped the State labor department work out cooperative arrangements with the education department to get copies and to cut down delays in obtaining them from about 5 months to 1 week. This program is basic to all child labor protection and this Branch has assisted many other States in the same way it helped us.

Now this type of service to State labor departments, similar advice and guidance to community and other groups on the development of sound child-labor standards, the research the Branch carries on, are not functions which an enforcement agency like the Wage-Hour Division is equipped to perform. Wage-hour inspectors check employers' pay rolls and records to determine compliance with the Fair Labor Standards Act but they have never performed research and guidance and developmental functions with a large variety of groups all over the United States.

ALLOWANCE OF BUDGET ESTIMATE REQUESTED

And the Department appeals for restoration of the full budget appropriation for these functions because, as an aftermath of war, there are two and one-half times as many youngsters at work today as in 1940. A million fewer are in high school than in 1941. All the experienced assistance that this agency can give will be needed through the country to recover the ground lost during the war on the child labor front. It ought not to be transferred to a division which is not equipped to perform the service or to have its appropriation cut in half at a time of such increases in child labor.

EFFECT OF ELIMINATING DIVISION OF LABOR STANDARDS

In conclusion, may I submit that if the Division is eliminated, the Secretary's intimate contact with the States will be lost. Having been a State commissioner, I am as concerned about this loss as he is. I know that this Division has sincerely tried to strengthen the States and prevent the development of irresistible pressures for the Federal Government to take over State functions. I know how in various meetings and conferences my fellow commissioners have urged the Division to give them assistance in safety and health, in labor-law administration, and so on, and to seek additional funds to do it. I know the value of the Division's work from the receiving end. But when I came down here as Director the Secretary of Labor told me—and I am fast learning how right he was—how valuable to the Federal Government and the Labor Department these State contacts are. After all, a government of shared powers cannot function efficiently without close cooperation with its sovereign counterparts—the States. And it is very easy for a Federal and State Department administering similar laws and concerned with the welfare of the same people, to get in each other's hair and to do it through ignorance of the other fellow's viewpoint and of the reasons for some of his actions.

It would seem the part of both wisdom and sound economy to have a small division in a department to which the States can bring their gripes and their problems. You know everybody will agree to cooperate in broad, general principles. But cooperation is only achieved by resolving specific problems from day to day. And you will not get the States coming to discuss and resolve them frankly unless they can come to an agency which has won their confidence, that they think has an intelligent understanding of their problems and a sincere desire to strengthen their administration, that does not want to take over their functions. I think the Labor Department has, by and large, established its reputation for promoting Federal-State cooperation instead of Federal-State competition. And as I learn more here, I am inclined to agree with the Secretary that its reputation is in no small measure due to having an agency in his office like the Division of Labor Standards, dedicated to the promotion of that close cooperation.

I hope you will give serious consideration as to whether it is not economy in the long run, to continue an agency which works to prevent costly job accidents, prevent costly industrial strife, prevent the spread of child labor and prevent the development of irritation and headaches that can be resolved by Federal-State cooperation.

On page 17 we are also asking for the restoration of the following for the fiscal year 1948:

AMOUNT REQUESTED FOR CONTINGENT EXPENSES

1. Contingent expense: Full restoration of \$11,570 in the departmental contingent appropriation. This full restoration in the contingent appropriation is needed in conjunction with the requested restoration of the Division of Labor Standards since the major portion of expenses other than for personal services of the Division would be charged to the Division's allocation from the departmental contingent appropriation.

AMOUNT REQUESTED FOR TRAVEL

2. Travel: Restoration is requested of \$68,150 in the departmental travel appropriation to provide travel funds in conjunction with the requested restoration of the Division as an operating unit within the Department.

AMOUNT REQUESTED FOR PRINTING AND BINDING

3. Printing and binding: Restoration is requested of \$31,370 in the departmental printing and binding appropriation to provide for publications planned in conjunction with the requested restoration of the Division as an operating unit within the Department for the fiscal year 1948.

AMOUNT REQUESTED FOR PENALTY MAIL

4. Penalty mail: Restoration is requested of \$4,210 in the departmental penalty mail appropriation in conjunction with the requested restoration of the Division as an operating unit within the Department. This will provide for the increase in penalty mail rates from \$15 to \$18.60 per thousand pieces of mail; and will also provide for the increased distribution of publications planned for 1948.

Senator KNOWLAND (presiding). Just several questions to clear up the record.

QUESTION AS TO CONSOLIDATION OF INSPECTION SERVICES

I notice earlier in the testimony of Mr. Connolly he mentioned it was not feasible in his opinion to consolidate the safety inspection work with the other type of inspection work the Bureau carries on for reasons which he outlined.

In the testimony of Mrs. Beyer—I do not know that there necessarily is a conflict between the two, but I think it is well to clarify the situation—on pages 102 and 103 of the House hearings where you mentioned the Minnesota and the North Carolina agreements, it is pointed out and I quote:

This past year we have been working with the States in trying to coordinate inspection of various types and kinds. We have two over-all agreements with the States that we have worked with for the Wage and Hour Division and the Child Labor and Youth Employment Branch, so that one inspector will go in and make a complete inspection for both the Federal Government and the State department of labor. The employer is thereby relieved of the annoyance of having two inspectors in his plant; one inspector acts for both types of law. Those agreements have been in effect for some little time in both North Carolina and Minnesota.

I was wondering if the particular reason there was because the State inspector was doing the same type of inspection work as the Federal inspector might do, or whether the States have gone a step further and have trained their inspectors to observe the safety factors as well as the violation of the statutes.

Mrs. BEYER. I would like to explain that.

NORTH CAROLINA AGREEMENT

In North Carolina, where we have this over-all agreement, one inspector inspects for wages, hours, and child labor. He inspects for violations of both State laws and Federal laws.

In North Carolina we also have a safety and health agreement between the State labor department and the Wage and Hour Division for public contracts. The safety and health inspectors for the State of North Carolina make those safety inspections required under the Public Contracts Act. The two types of inspection are made by different inspectors. It is common practice in the States to have separate inspections made for wages and hours and safety and health.

Senator KNOWLAND. I wanted to clear that up for the record.

NEED FOR CONSOLIDATION OF SERVICES WHERE POSSIBLE

I do not think it is highly important where you can combine, where it is feasible to combine, so that the industry and business will not become harassed by a multitude of inspectors, it is a good thing to do, provided you can get the enforcement of the laws by so doing.

So many of the complaints in some years past are that half a dozen inspectors have been coming in and taking up the time and disrupting production and probably getting in each other's way.

Mrs. BEYER. That is what we are trying to avoid. I think it has worked extremely well where the cooperative relationship has been developed.

There is no reason why a wage-and-hour inspector if he sees a dirty workplace or gets a complaint about toilets could not handle those situations. But so far as the safety hazards of the machine are concerned, he just could not be trained to do that type of inspection without distracting him from his job, which is checking books and records to determine compliance with wage-and-hour provisions. It takes quite a different background to do the two types of inspection. One requires a trained safety engineer and the other an accountant or a person who is familiar with record keeping.

Senator KNOWLAND. However, I assume since the testimony shows that at best about all you are able to do is make a spot shot considering the number of industries covered, if there were an obvious violation of safety regulations, the wage-and-hour inspector would see that there would be some method of clearing the information as between bureaus.

Mrs. BEYER. Certainly. That we will take for granted. If any inspector goes into a plant and sees something that is a hazard, he should report it.

Senator KNOWLAND. Are there any other questions?

FUNCTION OF FOSTERING LEGISLATION

Senator WHERRY. One of the functions you outlined starting on page 3, beginning with the statement: "The Secretary and her assistant in outlining its functions to Congress in December 1933 specifically

mentioned the following"; and then you give them down to 10. The one I am interested in is function 10 on page 4:

To foster legislation, administrative procedures, and industrial and labor practices adapted to the improvement of the working conditions and the economic position of wage earners.

What legislation do you foster or sponsor?

Mrs. BEYER. One of the laws we have been fostering is the establishment of second injury funds in connection with workmen's compensation legislation.

Senator WHERRY. It has to do with safety appliances mostly.

Mrs. BEYER. Not exactly, sir.

Senator WHERRY. There is not anything in that that is a policy or anything of that kind.

Mrs. BEYER. No.

Some of the veterans coming back find difficulty in getting jobs if they have lost an arm or a leg, for instance. In a State without a second injury fund if this veteran lost a second arm or leg, the employer would be liable for total disability.

We are urging the States to pass second injury fund legislation. This year we approached every governor in States without such legislation. Three States have passed these laws recently, leaving only 12 in the United States that do not have them.

AMOUNT FOR LEGISLATION AND ADMINISTRATION STANDARDS BRANCH

Senator WHERRY. About how much of your appropriation would go for that purpose? Of this six hundred and some hundred thousand dollars, how much of it would go for that purpose?

Mrs. BEYER. I can give you the exact figure. The appropriation for the legislation and administration standards branch is \$37,000.

AMOUNT REQUESTED FOR TRAVEL

Senator WHERRY. On that travel, \$68,150, how does that compare with 1947?

Mr. DINNENY. The average would be the same in both years.

Senator WHERRY. I mean the amount.

Mr. DINNENY. The amount would probably run about \$900 a professional person.

In other words, for safety and engineers and other professional people who travel out from Washington, we average their previous year's travel and apply that estimate to the new positions we are requesting for the next year.

Senator WHERRY. How does the total appropriation of \$68,150 compare with 1947?

Mr. DINNENY. It was \$59,277 for the previous year.

Senator WHERRY. \$9,000. So there is no cut in that; in fact, there is some added.

Mr. DINNENY. There is some added.

Senator WHERRY. Why is that?

NEW POSITIONS REQUESTED

Mr. DINNENY. For the new professional positions that are being requested in 1948 over 1947.

Senator WHERRY. Do you have something new in this appropriation?

Mr. DINNENY. There are some new positions in several of the branches. The safety and health, for instance, goes from 18 to 30 positions for 1948.

The Labor Education Services Branch jumps from 14 to 27.

The Child Labor and Employment Branch jumps from 78 to 84.

QUESTION AS TO INCREASING PERSONNEL

Senator WHERRY. You have added there instead of decreased.

Do you think that is absolutely necessary in the general administration? Do you think you ought to add those new positions?

Mrs. BEYER. Take the health and safety program. We have \$81,000 to help 48 States. Twelve States are asking for assistance. We are reaching only six States. It just is not good business to help only six States cut down accidents when we could give assistance to many more.

Senator WHERRY. Do you have to travel to do that? I thought a lot of that came out of Washington through advice and so on. Do you go out and drum it up, or do they send for it?

Mrs. BEYER. They send for it.

Senator WHERRY. Why do you need to go out there?

HANDLING OF TRAINING PROGRAMS

Mrs. BEYER. We have programs worked out in detail, which we can send. But the States want us to help train their factory inspectors in new techniques for the prevention of accidents.

Senator WHERRY. Does the initiative come from the States to you, or do you initiate that?

Mrs. BEYER. We do not have to initiate services. We have more than we can do right now.

Senator KNOWLAND. Would it be feasible for them to send their people in to you to be trained?

Mrs. BEYER. We are going to try to do that; to have the key inspectors in the States come in to Washington and train them as a group. They can then pass the know-how over to other inspectors in their States. We are going to try to speed up the process of training.

Senator WHERRY. That would be economical, would it not?

Mrs. BEYER. Yes; but still that training would not reach all of the problems that ought to be taken care of at the State level.

Mr. CONNOLLY. The major problem in the States is that in hiring State inspectors few pay enough to secure safety engineers. They have to hire pretty intelligent people and make safety engineers out of them.

That means setting up classes and getting people to do the training. We have had three training classes in Rhode Island. You have to have advanced courses as well as the preliminary training.

I think this training is starting to pay dividends in Rhode Island.

Senator KNOWLAND. Take the FBI. They run these schools for police officers, which are very fine, in order to develop the latest techniques in law enforcement, and so forth, but they bring the various officers in from the sheriffs' offices and from the police departments to Washington and put them through a course. Then they go back and are ready to apply that information in the localities, and the locality has paid the expense.

Mrs. BEYER. That is one of the things we are planning to do.

PREPARATION OF BOOKLETS

Senator KNOWLAND. In getting up these booklets that have been mentioned, is that done in your Bureau?

Mr. CONNOLLY. Yes.

Senator KNOWLAND. That is not done by the public-relations department.

Mrs. BEYER. No. These are done by us. As a matter of fact, we get a great deal of help from private industry. This pamphlet on Arbitration of Grievances was done for us by Mr. Simkin, an outstanding public arbitrator. This one here, The Foreman's Guide to Labor Relations, was worked on by a half dozen industrial relations men. We get a lot of free service.

The various agencies did their own bit on this pamphlet, Federal Labor Laws and Agencies. We tied them together.

Senator KNOWLAND. Are there any other questions?

BREAK-DOWN OF TRAVEL EXPENSE PER MONTH

Senator YOUNG. Do you have a break-down on your travel expense per month for the last fiscal year?

Mr. DINNENY. We can submit it, Senator. We do not have it here.

Senator YOUNG. I would like to have a break-down month by month on expenditures.

Mr. DINNENY. We can do that.

Senator KNOWLAND. Senator McCarran.

CREATION AND FUNCTIONING OF DIVISION OF LABOR STANDARDS

Senator McCARRAN. Referring to the report of the House committee, the Division of Labor Standards was established by the Secretary of Labor in November 1934.

It was supposed to be the clearing house in the field of industrial safety and sanitation. It has gradually expanded its functions into the field of labor legislation and labor education.

I think, Mr. Chairman, what I had in mind was to draw the attention of the committee to the fact that this was set up by the organic act of March 4, 1913, 37 Statutes, 5 U. S. C., section 611, which provides that the purpose of the Labor Department shall be—

to foster, promote, and develop the welfare of the wage earners of the United States, to improve their working conditions, and to advance their opportunities for profitable employment.

I draw the committee's attention to the fact that the Division performs administrative functions relating to the administration and enforcement of the child-labor provisions of the Fair Labor Standards Act and it does so under specific statutes.

I refer to 29 U. S. C., section 201. These functions were transferred to the Secretary of Labor by section 1 (b) of the Reorganization Plan No. 2 pursuant to the Reorganization Act of 1945.

That act happened to pass through the Committee on the Judiciary, and it provides:

The functions of the Children's Bureau and of the Chief of the Children's Bureau under the Fair Labor Standards Act of 1938, as amended, are transferred to the Secretary of Labor and shall be performed under his direction and control by such officers and employees of the Department of Labor as he shall designate.

TEXT OF GENERAL ORDER NO. 15

They were delegated to the Division of Labor Standards by General Order No. 15 of the Secretary of Labor, a copy of which can be inserted in the record.

(General Order No. 15 is as follows:)

GENERAL ORDER NO. 15

(Department of Labor, Office of the Secretary, Washington)

Reorganization Plan No. 2 of 1946, prepared by the President, provides that the functions of the Children's Bureau and of the Chief of the Children's Bureau under the Fair Labor Standards Act of 1938 (52 Stat. 1060, ch. 676), as amended, are transferred to the Secretary of Labor, and shall be performed under his direction and control by such officers and employees of the Department of Labor as he shall designate. It is also provided in Reorganization Plan No. 2 that the Industrial Division of the Children's Bureau shall be transferred, with all its personnel, property, records, and funds, to such agency or agencies of the Department of Labor as the Secretary of Labor shall designate. I deem it advisable that the Industrial Division shall carry out its functions under the child-labor provisions of the Fair Labor Standards Act, in close relationship with the Wage and Hour Division, in the Division of Labor Standards of the Department of Labor.

By virtue of and pursuant to the authority given me under the President's Reorganization Plan No. 2, it is hereby ordered:

1. The Industrial Division of the Children's Bureau is transferred, as an organizational entity, to the Division of Labor Standards. It shall hereafter be known as the Child Labor and Youth Employment Branch of the Division of Labor Standards.

2. The Division of Labor Standards, through its Child Labor and Youth Employment Branch, shall exercise all functions of the Children's Bureau and of the Chief of the Children's Bureau under the Fair Labor Standards Act of 1938 (52 Stat. 1060, ch. 676) as amended, transferred to the Secretary of Labor by Reorganization Plan No. 2 of 1946, except for the following functions which shall be exercised by the Secretary of Labor:

(a) The issuance of orders and regulations under section 3 (1) of the Fair Labor Standards Act.

(b) The bringing of actions under section 17 of the Fair Labor Standards Act of 1938, as amended, to enjoin actions or practices which are unlawful under section 12 (b) of the Act.

(c) The exercise of powers conferred under section 9 of the Fair Labor Standards Act of 1938, as amended.

3. The Child Labor and Youth Employment Branch of the Division of Labor Standards shall promote better working conditions for minors, and shall develop and promote standards for their employment protection and measures for ad-

vancing their opportunities for suitable employment. The Branch shall advise with other bureaus in the Department and with State and other public and private agencies and with individuals on these and other matters affecting young workers, shall collect information on these matters, and shall make available through consultation and otherwise, its special resources, information and experience in meeting problems involving working minors or arising in the promotion and administration of laws for their protection, and shall perform such other related duties as the Secretary of Labor shall by regulation or order require.

This order supersedes all prior orders or regulations of the Secretary of Labor or the Chief of the Children's Bureau inconsistent herewith.

L. B. SCHWELLENBACH.

WASHINGTON, D. C., *July 16, 1946.*

APPROPRIATIONS TO DIVISION OF LABOR STANDARDS

Senator McCARRAN. There is one thing I would like to call the attention of the committee to: That the Division has received uninterrupted appropriations under heading "Division of Labor Standards" over a 10-year period since the Appropriation Act of June 16, 1937, under and pursuant to a statute.

When the House did away with this function entirely, as it looks to me it did—at least, it destroyed its efficacy—it was addressing itself to a specific statute enacted by the Congress of the United States.

If we enact statutes and they require certain things to be done under them, we have got to contemplate that they require appropriations.

If you are going to destroy statutes by failing to appropriate, that is defrauding and defeating the will of Congress.

I wanted to draw that to the attention of the chairman and the attention of the committee, because this is not a question of reducing the appropriation itself; it is destroying the entire agency.

That is all I have to say.

Senator KNOWLAND. Are there any other questions?

PERSONNEL OF DIVISION OF LABOR STANDARDS, 1939-48

Senator DWORSHAK. You presented an interesting statement on the question of the functions on the provisions on labor standards, Mr. Connolly.

It was established in 1934. Can you tell me how many people you had on the pay roll in 1940 in this Division?

Mr. CONNOLLY. Mr. Dinneny, would you know that?

Mr. DINNENY. No, unless Mr. Dodson might know it.

Senator KNOWLAND. I think I might have some figures here which might answer your question.

The Division of Labor Standards in 1939 had 87; in 1940, 80; in 1941, 245; in 1946, 128; and in 1947, 136.

In that connection, I understand the request for 1948 was 168.

Mr. CONNOLLY. I think that is right.

EXPANSION DURING WAR PERIOD

Senator DWORSHAK. What I was trying to establish was whether the work of the Division greatly expanded through the war years?

Mrs. BEYER. It was expanded. We had \$300,000 for emergency, safety, and health activities, and that was eliminated as soon as the war was over. That was our only expansion during wartime.

INCREASED PERSONNEL REQUESTED FOR 1948

Senator DWORSHAK. I am a little intrigued by the fact that you are asking for 37 more employees in 1948 than in this fiscal year involving a net increase in the budget of \$162,300 for 1948.

How do you justify that?

I will grant that you have outlined some important functions and undoubtedly there may be great need for further expansion, but I am wondering why you found it necessary for asking for increases in 1948 instead of decreases or even to operate in the coming year on a comparable basis with 1947.

How do you justify that at a time when Congress is being impertuned not only to cut down but at least to hold appropriations on a basis comparable to, say, 1947.

TWO ITEMS IN WHICH INCREASES ARE REQUESTED

Mrs. BEYER. The items in which there are increases are safety and health and labor education.

SAFETY AND HEALTH

In safety and health during the war period, the War Department, the Navy Department, and various other groups used available funds for trying to get the accident rate down in war industries. We worked with them on the over-all plans procedures and inspections. As soon as the war was over, those funds were withdrawn. The States were left to handle the situation. The accident rate which went down during the war has gone up in peacetime. It has not gone down at all since our \$300,000 appropriation was removed.

It is to try to make long-run economies that are essential and are quite possible in the safety and health field that the request has been made for an increased appropriation.

LABOR EDUCATION

The other field in which there has been an increase is in labor education. We all know the need for getting reason into the relationship between management and labor. We feel a great deal can be done by training both groups in an understanding of their contracts and in living up to the contract provisions and that type of thing.

Senator DWORSHAK. Is this function one which you have recently undertaken or one you had under your jurisdiction for the past decade?

Mrs. BEYER. No, we have been doing that in a more concentrated fashion during the last 3 or 4 years because of the growing interest in that field. Publications of the United States Chamber of Commerce and other agencies stress the importance of labor education.

QUESTION AS TO WHETHER SIMILAR SERVICE IS CARRIED ON BY ANOTHER
FEDERAL AGENCY

Senator DWORSHAK. Are you the only Division of the Federal agency engaged in that activity?

Mrs. BEYER. The only one, sir.

Senator DWORSHAK. Who did that work 10 years ago?

Mrs. BEYER. It was not done. But, of course, industrial relations have become much more complex in the last 10 years. There is need

for understanding of many of these new problems, job evaluation, wage classifications, wage incentives, all of such things that workers have to understand as well as employers.

Senator DWORSHAK. The States are not doing a very efficient job along that line?

Mrs. BEYER. The States are doing practically nothing in the field of labor education comparable to what we are doing.

We do no teaching. We wish to make clear that we give State educational agencies and unions and management the guidance and help so that they can do the teaching themselves.

Senator DWORSHAK. I am amazed to learn there are not any other Federal agencies engaged in this particular activity.

I thought with these hundreds and hundreds of agencies and with the importance attached to the program of the Department of Labor, that certainly in addition to the Division of Labor Standards, something has been done along this line.

A lot of money has been spent for the operation of the Department. It would appear that something has been overlooked which was very vital.

Senator KNOWLAND. Are there any further questions?

Senator McKellar?

Senator DWORSHAK. Have you any reply to that?

Mrs. BEYER. I do not know of any duplication. Of course the Bureau of Labor Statistics for years has been getting out strike statistics and materials on the contents of union agreements and industrial practices, but there has been nothing within our Department corresponding to the pamphlets we have been getting out recently.

Senator DWORSHAK. How about the Wage and Hour Division?

Mrs. BEYER. They have done nothing in this field. They have no jurisdiction in industrial relations.

TRANSFER OF CERTAIN FUNCTIONS TO WAGE AND HOUR DIVISION

Senator DWORSHAK. You do not approve of the House committee's transfer of some of the functions of the Division of Standards to the Wage and Hour Division; do you?

Mrs. BEYER. No. We perform quite different functions. We do no inspection. That is the primary job of the Wage and Hour Division. We try to help the States do a better job of inspection, particularly in safety where they have original jurisdiction. The States would not welcome dual inspection for safety by wage and hour inspectors. What they need and want is assistance in training their people to do a better job.

ENFORCEMENT WORK UNDER CHILD LABOR ACT SHOULD GO TO WAGE AND HOUR DIVISION

Mr. CONNOLLY. We agree that child labor enforcement activities should go to the Wage and Hour Division. We are trying to bring back the child labor research, advisory and guidance activities, but the enforcement part we have agreed should go to Wage and Hour.

Senator McCARRAN. You do not think it should be in the same department?

Mr. CONNOLLY. The Secretary of Labor agreed with the House committee on that. I am going along. I did not agree; no, Senator. I did not agree it should go.

Senator McCARRAN. It seems to me they belong together.

Mr. CONNALLY. I think so, too, but because the Secretary agreed, I am going along with what the Secretary agreed upon.

Senator KNOWLAND. Thank you for appearing, and I wish to announce that this afternoon the Chair is going to ask permission of the Senate to sit at 2:30 this afternoon, at which time we will hear first from the Department on apprentice training and then on the Bureau of Labor Statistics.

(Thereupon, at 12 noon, a recess was taken until 2:30 p. m. of the same day.)

AFTERNOON SESSION

The committee reconvened at 2:30 p. m., upon the expiration of the recess.

Senator KNOWLAND. The hour of 2:30 having arrived as the time set for the meeting, we will come to order.

You may proceed, Mr. Patterson. This is the Apprentice Training Service.

APPRENTICE TRAINING SERVICE

STATEMENT OF WILLIAM F. PATTERSON, DIRECTOR, APPRENTICE TRAINING SERVICE, DEPARTMENT OF LABOR; EDWARD F. GALLAGHER, ADMINISTRATIVE OFFICER; AND JAMES J. DINNENY, BUSINESS MANAGER

SALARIES AND EXPENSES

STANDARD CLASSIFICATION SECTION

(The standard classification schedule is as follows:)

Apprentice Training Service, Department of Labor

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 estimate compared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
01 Personalservices.....	\$1,916,672	\$2,408,954	\$1,880,354	+\$492,282	-\$528,600
03 Transportation of things.....	2,131	2,700	2,700	+569	-----
04 Communication services.....	21,525	25,750	25,750	+4,225	-----
05 Rents and utility services.....	50,000	75,696	75,696	+25,696	-----
07 Other contractual services.....	3,450	4,400	4,400	+950	-----
08 Supplies and materials.....	6,378	10,300	10,300	+3,922	-----
09 Equipment.....	15,450	16,400	16,400	+950	-----
Grand total obligations.....	2,015,606	2,544,200	2,015,600	+528,594	-528,600
Transferred to "Salaries, Office of Secretary of Labor".....	+2,394	-----	-----	-2,394	-----
Excess of obligations over appropria- tion due to Public Law 390.....	-218,000	-----	-----	+218,000	-----
Total appropriation or estimate..	1,800,000	2,544,200	2,015,600	+744,200	-528,600

APPRENTICE TRAINING SERVICE—DIGEST OF STATEMENT OF WILLIAM F. PATTERSON
BEFORE THE LABOR-FEDERAL SECURITY SUBCOMMITTEE OF THE SENATE APPROPRIATIONS COMMITTEE

The amount requested for appropriations for the Apprentice Training Service is \$2,544,200. The House approved \$2,015,600. The amount which we request the Senate to restore in this appropriation is \$528,600.

The amount provided by the House will not enable the Apprentice Training Service to meet the heavy demands occasioned by the training provisions of the GI bill and efforts of the construction industry to increase the number of skilled workers in the construction trades. Heavy demands for development of programs for veterans and programs in the construction trades will continue in the fiscal year 1948 and in addition such industries as the railroads and printing trades expect to embark upon large-scale apprenticeship programs. Without the increased staff requested, these demands cannot be met and the momentum gained by the national apprenticeship program in the past year will be lost.

Mr. PATTERSON. Yes, sir. I would like to read a statement, if I may.

Senator KNOWLAND. Yes; proceed.

AMOUNT OF INCREASE REQUESTED

Mr. PATTERSON. Mr. Chairman, the amount requested for appropriation for the Apprentice Training Service is \$2,544,200. The House approved \$2,015,600. The amount which we request the Senate to restore in this appropriation is \$528,600.

In coming before this committee, I want to emphasize that the apprenticeship program is a voluntary cooperative program between labor, Government, and industry. The standards formulated at the direction of the Congress were set up with the advice of the Federal Committee on Apprenticeship, a national management-labor committee, and apprenticeship programs for each trade are developed in cooperation with representatives of employers and employees in such trades. Local programs are set up by the employers or by the local employer and employee organizations through the medium of joint apprenticeship committees. These industry groups call upon our field staff to provide the necessary encouragement and stimulation to get the local apprenticeship programs started and to serve as the spark plug to keep them going.

This joint industry-government program has proved so successful in accomplishing the objectives of both industry and the Government that I have come to this committee to ask restoration of the amount deleted by the House from the Apprentice-Training Service estimates for 1948. Our workload has grown so heavy that with our present staff we are near the limit of extending the apprenticeship program to additional establishments.

APPRENTICESHIP WORK LOAD

We estimate that there are still in excess of 351,000 employers who are equipped to participate in this program. These employers are in every State and in the big cities and the small communities.

The following facts will emphasize the rate at which our work load has increased during the past year, and it will also indicate the increasing demand for our assistance in setting up and maintaining apprenticeship programs.

Number of establishments participating :

Jan. 1, 1946----- 30, 628

Jan. 1, 1947----- 78, 753

An increase of 157 percent.

Number of registered apprentices :

Jan. 1, 1946----- 28, 329

Jan. 1, 1947----- 105, 679

An increase of 273 percent.

TWO MAJOR DIVISIONS OF APPRENTICESHIP PROGRAM

In the operations of Apprentice Training Service the work is divided up into two major divisions: One is the development of new programs and the other is the maintenance of the programs once they are set up. It takes some of the time of each field man to provide a maintenance service for each program he sets up. As the number of programs increase a greater proportion of the field service's time is taken by this maintenance activity. As of July 1 we will be in a position where the present staff will have to curtail drastically the proper maintenance of programs if it is to perform new development work.

It is our experience that adequate maintenance work must be performed if the apprenticeship program is to succeed. In these programs we are bringing together management and labor groups to carry out a joint enterprise. Neither are accustomed to an approach of this kind; therefore, it is obvious that such programs need more careful attention and follow-up than if we were working with either group alone.

Basically, the objective of maintenance is to accustom the employer or joint apprenticeship committee to carry on an apprenticeship program with the minimum of assistance. Among the activities coming under the heading of maintenance are such matters as the bringing to employers and joint apprenticeship committees the successful experience of other employers having similar problems; advise on schedules of work experience for apprentices; developing methods for determining the number of apprentices that should be trained to meet the needs of the industry; advise on laws, regulations, or ordinances affecting the employment of apprentices; methods for evaluating the experience of apprentices either on the term of apprenticeship or advancement from one period to the next; and methods of supervision of apprentices and securing the cooperation of the supervisory and skilled work force.

Probably one of the most important values in this maintenance activity comes from the fact that both the management and labor groups come to realize that they have available for assistance an impartial person whose sole interest is the welfare of the apprentices and of the apprenticeship program. Because of this, it is rare, indeed, that a labor controversy develops over the employment and training of apprentices.

CONSTRUCTION INDUSTRY

During the war and preceding depression years a serious deficit developed in the number of skilled workers in the construction industry. A very small number of apprentices were employed and the median age of the skilled workers rose sharply. At the special

and urgent request of contractors, unions and housing authorities, we have given special attention to the setting up of programs to train apprentices in the building trades. We have increased the number of national joint apprenticeship standards from 6 to 11. These national standards are subscribed to by the appropriate national contractor organizations and international labor unions. These organizations, in entering into such agreements, directed their local affiliates to secure the assistance of the Apprentice Training Service in putting these standards into operation locally. The number of building-trades apprentices has increased from 22,590 as of April 1, 1946, to 93,035 as of March 1, 1947. The number of joint management-labor programs increased from 1,118 as of January 1, 1946, to 2,256 as of March 22, 1947.

The General Committee on Apprenticeship for the Construction Industry, a national joint management-labor consisting of representatives from the national contractor organizations and international building-trades unions, estimates a need for 5,000 such joint programs if the construction industry is to have the skilled labor force it needs for housing and other construction. The committee urges that these programs must be set up for every trade in every community, as the skilled-worker shortage is proportionately as great in the smaller communities as in the metropolitan areas.

This committee holds that the only possible solution to a shortage of skilled workers is to secure proper understanding of the problem in every local community and adequate action to solve the problem. While it is urging the interested national groups to put some real backbone into the development of apprenticeship, it is looking to the field staff of the Apprentice Training Service as to the real tool with which to get effective action.

APPRENTICESHIP IN OTHER INDUSTRIES

Other industries, too, recognize the need for a national approach to the training of apprentices. The railroads and the printing-trades industries are about ready to launch a Nation-wide program backed jointly by management and labor. They are asking that we give their people assistance at the local level. Great demand is coming to us for help from other industries, such as automotive-service establishments, textiles, steel, air lines, and, in fact, all those who employ workers in 291 occupations in which workers are trained through apprenticeship.

APPRENTICESHIP TRAINING FOR VETERANS

These industries are interested in apprenticeship for two reasons: It is the way to develop broad skills and trade judgment in workers, and it is the sound way of providing readjustment for veterans—about 85 percent of all apprentices today are veterans. It prepares them so that they can take advantage of the opportunities the future holds for those with trained hands and minds.

When the GI bill was passed there was great concern lest the subsistence allowances would break down entrance wage rates for apprentices. Fortunately, because Congress had established the principle that there should be standards to safeguard the welfare of appren-

tices, no such break-down of entrance rates for apprentices has occurred. In fact, the opposite is true. Apprentice wage rates have not only kept pace with increases for skilled workers but also, in addition, since 1944, there has been an increase of about 5 percent in the wage rate for apprentices in relation to the skilled-worker rate. On the basis of 85,000 apprenticed veterans, this means approximately \$20,000,000 less per year that the Government pays in subsistence allowances.

In summarizing, I should like to emphasize again that the apprenticeship program is entirely voluntary. It is a means to help young people to acquire broad skill and training through employment. It is the tested way to develop and maintain the skilled labor force. Thousands of employees and their employees who should be able to train one or more apprentices need encouragement and assistance in setting up and keeping going the kind of apprenticeship programs which will produce the desired results. There is still a very large number of veterans who want to learn a trade—far more than can be accommodated in existing programs.

With the appropriation granted by the House for 1948, the Apprentice Training Service will have to greatly curtail both its important maintenance service and the developing of new programs. Neither of these alternatives is in the interest of apprentices or industry.

On the other hand, if the committee grants restoration of the amount of the estimates deleted by the House, we shall be able to extend the benefits of apprenticeship to a great many additional apprentices and provide the service so urgently demanded of us by both management and labor.

BREAK-DOWN FOR RESTORATION OF DEPARTMENTAL ALLOCATIONS

The following restorations for the Apprentice Training Service in departmental appropriations is requested for the fiscal year 1948:

1. Contingent expense: Restoration is requested of \$2,400 in the departmental contingent appropriation.

2. Travel: Restoration is requested of \$27,700 in the departmental travel appropriation to provide travel money for 52 of the positions being requested for restoration which involve travel at an average of \$530 per position. This estimate will permit approximately 45 days of travel per annum for each position at an estimated daily cost of \$12 per day.

Senator KNOWLAND. Mr. Patterson, I think this activity of the Department of Labor, the apprenticeship training program, is one of the most constructive jobs that the Department is doing. I would like to ask this question:

How much of the increase over what you received last year would be accounted for by the mandatory wage increases allowed by the Congress?

Senator BALL. That is covered in the House allowance.

Senator KNOWLAND. That is covered in the House allowance?

Mr. PATTERSON. Yes, sir; that is covered.

VETERANS' INTEREST IN TRAINING PROGRAM

Senator KNOWLAND. What is the extent of the demand from veterans for apprenticeship training as compared with the total demand from industry for technical skills? Have you any idea as to what the percentage is?

Mr. PATTERSON. The demand of veterans requesting apprenticeship training?

Senator KNOWLAND. Yes.

Mr. PATTERSON. We do not have exact figures. Our experience indicates that there are about five veterans applying for every apprenticeship opening there is today. That is still holding up pretty firm because veterans see apprenticeship as a means of insuring steadier employment and higher earnings.

Senator KNOWLAND. What I wanted more was how much of activity of your particular division is accounted for on the veterans' side of it as compared industry-wide generally. Is there any way you can differentiate, or do they tie in closely together?

Mr. PATTERSON. They tie in so closely that we cannot differentiate. It is true that 85 percent of beginning apprentices are veterans, so that a large proportion of our apprentice population in the country is made up of veterans of this war.

Senator KNOWLAND. Any questions?

Senator BALL?

Senator BALL. Yes.

DISTRIBUTION OF EMPLOYEES

Can you tell me, Mr. Patterson: You now have 494 employees. How many of those are actually in the field working out programs for establishments and unions as compared to how many are in clerical or administrative jobs?

Mr. PATTERSON. Three hundred of them, Senator, are field representatives, located in 200 field offices.

Senator BALL. That means 194 are clerical and administrative?

Mr. PATTERSON. The number is 197.

Senator BALL. Is that not a pretty high proportion?

Mr. PATTERSON. The departmental, in Washington, accounts for 62 of the total.

Senator BALL. Fifty-seven of those 194 are here in Washington?

Mr. PATTERSON. Sixty-two.

Senator BALL. Some of those do the actual field work on a national level. Is that right?

Mr. PATTERSON. Yes.

Senator BALL. How many are there of those?

Mr. GALLAGHER. There are 38 clerical positions on the departmental staff.

Senator BALL. That leaves 22 for top administration here and the national field work.

Mr. PATTERSON. These 24 are working on the national level with employers, trade associations, and unions.

Senator BALL. In the field you have about one clerical administrative to every two employees doing field work?

Mr. GALLAGHER. Not quite. Around 135 straight clerical.

Senator BALL. Not quite, but almost.

Mr. PATTERSON. In answer to your former question, we have not felt that the proportion of clerical workers is high because it is necessary to furnish typists and stenographers to assist field representatives in preparing standards for industry. We have felt that the formula you referred to, one clerical worker for every two field representatives, is about right to handle the volume of work.

Senator BALL. I cannot quite see how it would run that high. You have been running how many years now?

Mr. PATTERSON. We were set up by Congress in 1937.

Senator BALL. You have developed standard apprentice contracts for most types of industries by now. I cannot see where there is an awful lot of clerical work in the field that would require that. How many field offices do you have?

Mr. PATTERSON. Two hundred field offices. We do not have one girl for each office. We pool the work in an area.

SOLICITATION OF MAINTENANCE WORK

Senator BALL. I can see where you scattered that. How about this maintenance work? Do your people in the field solicit the maintenance work, or do they move into a contract that is in effect only at the request of one or the other, or both parties?

Mr. PATTERSON. We do not solicit it. But we feel it is so important that it should be done whether they request it or not.

In other words, a program that has been worked up by dint of a great deal of effort on the part of the employers concerned and the labor group and ourselves, would be of little value to the veterans, to the construction industry, if it were not kept alive and current through the type of maintenance work that is given. Maintenance is very essential if we are going to hold the gains we have.

Senator BALL. It seems to me the various functions you listed under maintenance would come about only by request. I mean if the agreement is working out all right to the satisfaction of both parties, and the apprentices involved, I do not know why the Government should mix into it again.

MAINTENANCE CALLS IN YEAR

Mr. PATTERSON. Under the formula that we used in justifying our estimates to the Budget Bureau we used the figure of six maintenance calls per year per program. The construction programs which are such a large part of our work now demand more than six maintenance calls per year. Those joint committees, in order to try to meet the need for skilled help through apprenticeship, are meeting on an average of once a month, and many of them every 2 weeks. Our field men attend those meetings. That is a type of maintenance call.

On the other hand, an individual plant program, such as you had in mind, might require only six per year, but that is an average that is acceptable to the Budget Bureau.

Senator BALL. Do you have to go to every meeting once the thing is set up and rolling? Is not the whole purpose of this program largely to get these apprentice programs into effect?

Once you educate them pretty well, when you are developing the program, I cannot quite see the necessity of the Federal Government

sitting in on every conference in relation to an existing program, which conforms to law and has been agreed on by the both parties. It is like a conciliation service trying to conciliate grievances; it never made sense.

Mr. PATTERSON. It would be a physical impossibility anyway to attend every one. One of our new field men in California told me he was getting "Committee happy." He said he was attending seven or eight committee meetings a week, sometimes two and three a night.

Senator KNOWLAND. Members of the Senate sympathize.

Mr. PATTERSON. We, to the extent possible, try to get the programs self-propelling, but members of the committees feel that when technical problems come up they want assistance from our field representatives in making the program function.

Senator BALL. That is what I asked in the beginning, whether you wait for the parties to request assistance in maintaining a program that is in effect, or whether you go out and solicit maintenance business. I gathered from your reply that you try to solicit it, at least try to keep in contact with an agreement throughout the years.

Mr. PATTERSON. I should like there to correct that statement to the point that at present there is so much demand that it is not necessary to solicit. The objective of field maintenance activity is to render sufficient service in the formulative stage of the program to insure effective operation. After this, the assistance would be confined to requests made by the employer or the apprenticeship committee. Too often we have had the experience in that a great deal of interest and fanfare has been carried on in the development of an excellent apprenticeship program only to find that few apprentices are brought into the program and fewer finish.

If a committee does become inactive, it is necessary to secure the appointment of new members who will be active and take a vigorous part.

NEW POSITIONS REQUESTED

Senator BALL. What are the 107 new positions you are asking? How many of those are to be field and how many clerical?

Mr. PATTERSON. Fifty-one field representatives.

Senator BALL. And 51 clerical?

Mr. PATTERSON. Fifty-one clerical; yes.

Senator BALL. These are new field offices?

Mr. PATTERSON. Yes; most will be in new field offices.

Senator BALL. Have you a list of your appropriations for prior years, and what number of positions you have had? Is it in the House hearings?

Mr. GALLAGHER. It is in the House hearings. The amounts are in the House hearings, on page 199, Senator.

EXPENDITURE ALLOWANCE FOR 1947

Senator McKELLAR. Are you going to spend \$1,800,000 this year?

Mr. GALLAGHER. \$2,015,600, Senator.

Mr. PATTERSON. That is what the House allowed.

Senator McKELLAR. I am not talking about that. I am talking about what you are going to spend this year, 1947.

Mr. GALLAGHER. That is the same amount. The House allowed the same amount.

Senator McKELLAR. That you had this year?

Mr. GALLAGHER. That is right.

Senator KNOWLAND. You were set up in 1937 originally but did not operate as a separate entity until 1941; is that correct?

Mr. PATTERSON. We were not a separate service in the Labor Department then.

Senator KNOWLAND. You were with the Bureau of Standards?

Mr. PATTERSON. Yes; the Division of Labor Standards.

INCREASE IN ACTIVITY

Senator KNOWLAND. In 1939, how many did you have working on apprenticeship training?

Mr. GALLAGHER. One hundred and forty-five.

Senator KNOWLAND. In the increase here in the number from 1946, when you had 296, to 1947, 462, what caused that jump? Was that primarily veterans' activities?

Mr. PATTERSON. Yes.

Mr. GALLAGHER. And the construction industry program.

Senator KNOWLAND. In how many cities have the unions entered into industry-wide apprenticeship programs?

Mr. PATTERSON. There were 2,256 joint committees in construction, but it would be many more than that for all industries.

APPRENTICE ABSORPTION BY UNIONS

Senator KNOWLAND. Could you give us some figures as to how many apprentices have been absorbed by the unions since the inception of the program?

Mr. PATTERSON. Since the earliest date?

Senator KNOWLAND. Yes.

Mr. PATTERSON. I do not believe we have that.

Senator KNOWLAND. Do you have it for the last few years?

Mr. PATTERSON. We have for the last year.

Senator KNOWLAND. How many were there?

Mr. PATTERSON. In construction alone the number of apprentices increased from 22,000, April 1946, to 93,000, March 1 of this year.

Senator KNOWLAND. That is just on the building trades?

Mr. PATTERSON. Yes.

Senator BALL. That is just the number of apprentices. I think what Senator Knowland was after was how many apprentices in training have actually become journeymen during this program?

Mr. PATTERSON. We have not been able to get that. That question came up in the House hearing, too.

During the war years, there were not very many graduating because as they got a certain distance along, they were taken by the armed services. Now they are coming back and completing.

Senator KNOWLAND. Did you put into the House hearings, or do you have now, any statistical tables to show the occupations for which those now in training are preparing? You mentioned the building trades. What about all types of apprenticeship training?

Mr. PATTERSON. No, we did not. We have a break-down for the building trades.

Senator KNOWLAND. Do you have it for anything else outside of industry trades?

Mr. PATTERSON. By industry?

Senator KNOWLAND. Could you supply that for our records if you do not have it here?

Mr. PATTERSON. Yes, sir.

(The information requested is as follows:)

*Percentage distribution of registered apprentices, by occupational grouping,
Dec. 31, 1946*

All trades-----	100.0
Building trades-----	61.0
Woodworking trades-----	24.4
Electrical trades-----	9.1
Pipe trades-----	8.5
Trowel trades-----	6.1
Painting and related trades-----	5.5
Sheet metal and roofing trades-----	4.3
Miscellaneous building trades-----	3.1
Metal-working trades-----	16.0
Metal machining trades-----	13.3
Other metal-working trades-----	2.7
Mechanical and repair trades-----	11.0
Automotive mechanic trades-----	7.2
Other mechanics and repairmen-----	3.8
Miscellaneous other trades-----	12.0
Printing trades-----	3.8
Other miscellaneous trades-----	8.2

NUMBER IN TRAINING

Senator McKELLAR. How many are you training today?

Mr. PATTERSON. Our figures of registered apprentices was 105,679 on January 1.

Senator BALL. Those are apprentices under programs which the Department has helped set up?

Mr. PATTERSON. That is true.

Senator BALL. There must be many more apprentices than that in the country.

Mr. PATTERSON. Yes, sir. We estimate that 200,000 apprentices are affected directly or indirectly by the program.

QUESTION OF DUPLICATION OF PROGRAMS

Senator DWORSHAK. Are there any conflicts or duplication with the veterans' training program?

Mr. PATTERSON. None whatever. We are the only agency that Congress set up to bring management and labor together in working

on apprenticeship. Veterans' Administration handles the financial end. We have nothing to do with that.

Senator DWORSHAK. Do any of their field men, contact men, do any of that kind of work?

Mr. PATTERSON. No; they do not set up programs, except under Public Law 16; for disabled. They set up some programs under that. There is no conflict with this.

Senator BALL. They simply approve the program set up by the division for subsistence allowances, under the GI bill?

Mr. PATTERSON. Yes, sir.

COMPLETION OF TRAINING

Senator KNOWLAND. How many of the 105,679, who were in training last December, have finished or will soon finish their training?

Mr. PATTERSON. We do not have that, and we find it very hard to get. It would be desirable to get that. However, we do find, Senator, that a great many of the veterans are getting credit for previous experience or training, gained either in the service or before they went in. I believe our figure shows 38 percent got credit for previous experience. They will graduate sooner because of this credit.

Senator KNOWLAND. I think it would be a valuable bit of information for you and the committee to know about those 105,000, if 20,000 were going to be available by March 30, and 50,000 more at a later date, and how they would flow into the field.

Mr. PATTERSON. So many of the total number of apprentices started in the last year that I would not estimate a very large percentage of completions in the months immediately ahead. The vast majority of apprentices today are in their earlier years of training.

TOTAL TRAINEES AND APPROPRIATIONS

Senator McKELLAR. How many did you have the year before? You had 105,000 last year.

Mr. PATTERSON. We had 28,329 the year before that.

Senator McKELLAR. What appropriations did you have for training those 28,000?

Mr. GALLAGHER. \$909,100, for 1946.

Senator McKELLAR. What did you get for 1947?

Mr. GALLAGHER. \$2,015,600. That is the current year.

Senator DWORSHAK. Mr. Patterson, you are asking for 1948, an increase of \$528,594, as compared with the current fiscal year. Do you not think you can get by with the same amount of money next year that you have been using this year?

Mr. PATTERSON. No, Senator. In the first place, although it would be the same amount of money, or within \$6 of the same amount, it does mean that we would have to drop 37 positions because of Ramspeck within-grade promotions and the additional cost of salaries under Public Law 390.

But the amount in excess of that which we are asking for, is because interest in doing something about apprenticeship is now at a high pitch on the part of management, labor, and the public. If we

are to take advantage of the country's craftsman needs and the interest of veterans who want to get into this now, this is the ideal time.

Senator DWORSHAK. That is right, but there is not a single agency or board or bureau or department of the Federal Government which does not come before the Appropriations Subcommittees in both Senate and House and attempt to justify some emergency or some psychological time when a certain program in which that specific agency is interested should be expanded.

Now, no one will argue with you that your apprentice-training service is not doing efficient work. It is essential. But the question is, can the Congress continue to appropriate funds for these services beyond the ability and the desire of the people to pay for it. Where are we going to get any cooperation in making reductions in these appropriations if every agency seeks to justify an increase, not only for next year, but they have done it throughout the war.

First it was a depression, then it was prewar, then it was wartime emergency, now it is postwar emergency. I do not know what the next emergency will be. But as a member of this particular committee it disturbs me because I encounter that in every agency and bureau of the Government. In fact, I am going to be overwhelmed when I encounter one that offers to cut by as much as 1 percent, make a reduction in funds.

Now, are you willing to cooperate? Can you not carry on your program without expansion? Of course, we could give you five times as much as you had this year and you could use it advantageously. There is no question about that. But where are we going to cut? You want more than 25 percent increase for 1948 as compared with this year. That is a large increase, is it not?

Mr. PATTERSON. It is a large increase.

In answer, Senator, I cannot speak for other agencies; I know your committee will rule on that matter. We would not have the two favorable factors at any other time that we will have in fiscal year 1948.

First, we will not have the number of veterans still waiting to take advantage of the GI bill of rights.

Second, there is critical need in the construction industry. It is right now that they need these skilled construction workers and it is going to be a pretty serious thing to all construction and the veterans' housing if we do not in some way get 350,000 more skilled workers for construction.

Senator DWORSHAK. How are you going to get apprentices from GI's when they are going to school and college?

Mr. PATTERSON. There are a surprisingly large number that want to get into apprenticeship. It appeals to them because it is active work on the job where they can continue the physical activity to which they became accustomed in the service.

So, as I told Senator Knowland, there are five GI apprentices applying for every opening we have. They recognize it as a real opportunity. Thus far there has been no problem of getting very well qualified applicants.

LABOR AND INDUSTRY COOPERATION

Senator DWORSHAK. What is your experience so far as the unions are concerned with this program? Have they given you any cooperation or have they actually retarded your work along that line?

Mr. PATTERSON. I would say, speaking particularly for the construction industry, that both management and labor have given an exceptional degree of cooperation.

The unions have taken every means at their command, through their international offices, to get down to their local affiliates the needs for setting up these joint labor-management committees, for getting apprentices, and for developing a vigorous apprenticeship program.

Senator KNOWLAND. Does that include the bricklayers now?

Mr. PATTERSON. Especially so. The international president sent out a communication within the past week.

Senator KNOWLAND. It took some little time to break the ice.

Senator DWORSHAK. What is the International Typographical Union doing, if anything? Have you had any experience with that organization?

Mr. PATTERSON. Yes. As I am sure you know, the International Typographical Union is one of the older unions in the field of apprenticeship. They have carried on outstanding work in related instruction through correspondence.

However, until recently this was a situation where a great deal of the work was done by the union largely through its own resources. Now it is commendable that the employer associations involved, the Newspaper Publishers Association and the Printing Industry of America, Inc., together with the International Typographical Union, are asking the assistance of our national field representative in developing national standards for compositors.

Senator DWORSHAK. You do not have any at the present time?

Mr. PATTERSON. No; it takes considerable time and effort to jointly develop national standards for a trade. Printing standards are in the formulative stage. It is a heartening development. It may be the first one, outside of the construction industry, to get national standards.

PATTERN FOR INDUSTRIAL COOPERATION

Senator BALL. Are your agreements at least on a city-wide basis? You do not go to an individual firm and its individual employees, and work out an agreement under this act, at least not very often. Your major work is in the printing industry, for instance, to get all the printers and the various press unions in the industry together on a set of standards and then police that apprentice program in that particular community. Is that right?

Mr. PATTERSON. Yes; except that we do not police the program—it is voluntary. National standards and promotion is the most efficient and soundest way of developing an industry-wide program. However, as a service agency, whenever an individual employer who is not a party to those city-wide agreements asks for service, we give it to him to the extent possible.

Senator BALL. What I was trying to get at was the significance of your figures, the number of your establishments participating, which

jumped from 30,000 to 78,000 a year. That is, individual business concerns?

Mr. PATTERSON. That is correct; the total of all business concerns.

NUMBER OF CITY-WIDE AGREEMENTS

Senator BALL. How about the number of city-wide agreements that your section has helped develop in a year?

Mr. PATTERSON. The number of city-wide agreements which we helped develop increased during 1946 from 1,537 to 3,067. My memory is that on VJ-day our combined total for area and individual programs was over 4,000, and a year later the combined figure for individual and group programs was 12,750.

Senator BALL. Four thousand to twelve thousand seven hundred and fifty. It is like the increase in establishments. How many of those are construction firms?

Mr. PATTERSON. We can just take out the 2,256 that are construction programs.

Senator BALL. That is local community agreements in the construction industry which were new this year?

Mr. PATTERSON. No; that is the total. There were 1,118 of those a year ago.

Senator DWORSHAK. Do you ever apply pressure on a single employer to enlist his aid in this program, or is it entirely on a voluntary basis?

Mr. PATTERSON. It is entirely voluntary in every respect.

Senator DWORSHAK. Do not any of your fieldmen ever work along the line of enforcing cooperation?

Mr. PATTERSON. No, sir.

Senator DWORSHAK. You are sure of that?

Mr. PATTERSON. I am confident of it.

Senator BALL. Have you any idea how long it takes a field man to develop, normally, a city-wide agreement of this type? I was wondering if this 8,000 increase was due to a lot of ground work done in prior years.

Mr. PATTERSON. We have used figures in estimating our work load. We now average 10 calls to develop a program whereas a few years ago it required an average of 15.

Senator BALL. In other words, 10 meetings of a labor-management group?

Mr. PATTERSON. Yes.

Senator BALL. That might run over a year, at least?

Mr. PATTERSON. Yes, sir. What are we figuring per call now Mr. Gallagher? Two hours or three?

Mr. GALLAGHER. Three and six-tenths hours, including travel time, is the average.

Senator KNOWLAND. Any further questions?

Senator McKellar?

Senator McKELLAR. What will be done with the \$529,000 additional that you are asking for? How many people would you employ with that?

PLANS FOR NEW PERSONNEL

Mr. PATTERSON. One hundred and seven additional people, fifty-one of whom will be full-time field representatives.

Senator McKELLAR. And all together 107. Their salaries would take up most of the appropriations?

Mr. PATTERSON. Yes, with the exception of the amount to cover the 37 people that we would have to let go because of funds used for within-grade promotions.

Senator McKELLAR. One hundred and seven?

Mr. PATTERSON. Yes, sir.

Senator McKELLAR. Most of it would go to the employment of more people?

Mr. PATTERSON. Yes.

Senator BALL. As I understand you are going to open 51 new offices.

Mr. PATTERSON. Yes.

Senator BALL. Have you a list of your present offices and the new ones?

OFFICE LOCATIONS

Mr. PATTERSON. We have a list of the present offices. (It is as follows:)

PRESENT OFFICES OF APPRENTICE TRAINING SERVICE, UNITED STATES DEPARTMENT OF LABOR

DISTRICT I

Region I:

Boston, Mass.
Hartford, Conn. (area office) :
 Bridgeport
 Danbury
 New Haven
 New London
 Stamford
Portland, Maine (area)
Boston, Mass. (area) :
 Lawrence
 New Bedford
 Pittsfield
 Springfield
 Worcester
Manchester, N. H. (area)
Providence, R. I. (area)
Burlington, Vt. (area)

Region II:

New York, N. Y.
New York City, N. Y. (area) :
 Albany
 Freeport, L. I.
 White Plains
Buffalo (area) :
 Jamestown
 Niagara Falls
Rochester (area)
Syracuse (area) :
 Binghamton
 Utica

DISTRICT II

Region III:

Philadelphia, Pa.
Harrisburg, Pa. (area) :
 Pottsville
 Scranton
 Wilkes-Barre
 Williamsport
 York
Pittsburgh, Pa. (area) :
 Altoona
 Erie
 Oil City
 Reading
 Allentown
Newark, N. J. (area) :
 Trenton
 Camden
 Jersey City
Wilmington, Del. (area)

Region IV:

Washington, D. C.
Baltimore, Md. (area) :
 Hagerstown
Washington, D. C. (area) :
 Silver Spring, Md.
 Alexandria, Va.
Norfolk, Va. (area) :
 Richmond
 Roanoke
 Newport News

PRESENT OFFICES OF APPRENTICE TRAINING SERVICE, UNITED STATES DEPARTMENT OF LABOR—Continued

DISTRICT II—continued

Region IV—Continued

Wheeling, W. Va. (area) :
 Clarksburg
 Raleigh, N. C. (area) :
 Charlotte
 Winston-Salem

Region V:

Cleveland, Ohio
 Cincinnati, Ohio (area) :
 Dayton
 Hamilton
 Portsmouth
 Columbus, Ohio (area)
 Youngstown, Ohio (area)
 Toledo, Ohio (area) :
 Lima
 Cleveland, Ohio (area) :
 Akron
 Canton
 Detroit, Mich. (area) :
 Battle Creek
 Grand Rapids
 Lansing
 Saginaw
 Muskegon
 Louisville, Ky. (area) :
 Lexington

DISTRICT III

Region VI:

Chicago, Ill.
 Springfield, Ill. (area) :
 Alton
 Danville
 Joliet
 Moline
 Mount Vernon
 Peoria
 Rockford
 Chicago, Ill. (area)
 Indianapolis, Ind. (area) :
 Evansville
 Fort Wayne
 Gary
 La Fayette
 Muncie
 Marion
 South Bend
 Terre Haute
 Milwaukee, Wis. (area) :
 Madison
 Oshkosh
 Racine

Region VIII:

Minneapolis, Minn.
 Des Moines, Iowa (area) :
 Burlington
 Cedar Rapids
 Davenport
 Mason City
 Sioux City
 Waterloo
 Minot, N. Dak.

DISTRICT III—continued

Region VIII:

St. Paul, Minn. (area) :
 St. Cloud
 Mankato
 Duluth
 Omaha, Nebr. (area) :
 Lincoln
 Aberdeen, S. Dak. (area) :
 Sioux Falls

DISTRICT IV

Region IX:

Kansas City, Mo.
 Little Rock, Ark. (area) :
 Fort Smith
 Wichita, Kans. (area) :
 Topeka
 Kansas City
 Oklahoma City, Okla. (area) :
 Chickasha
 Muskogee
 Tulsa
 St. Louis, Mo. (area)
 Kansas City, Mo. (area) :
 Joplin
 Springfield
 St. Joseph

Region XI:

Denver, Colo.
 Boise, Idaho (area) :
 Coeur d'Alene
 Helena, Mont. (area) :
 Billings
 Great Falls
 Salt Lake City, Utah (area) :
 Ogden
 Provo
 Denver, Colo. (area) :
 Colorado Springs
 Grand Junction
 Greeley
 Pueblo
 Casper, Wyo.
 Cheyenne, Wyo.
 Reno, Nev. (region XII) re-
 ports to Denver area office

Region XII:

San Francisco, Calif.
 Phoenix, Ariz. (area)
 Tucson
 Los Angeles, Calif. (area) :
 Bakersfield
 Long Beach
 San Diego
 San Francisco, Calif. (area) :
 Berkeley
 Fresno
 Oakland
 Sacramento
 Reno, Nev. (reports to Denver
 area office in region XI)
 Portland, Oreg. (area) :
 Eugene
 Medford

PRESENT OFFICES OF APPRENTICE TRAINING SERVICE, UNITED STATES DEPARTMENT OF LABOR—Continued

DISTRICT IV—continued

Region XII—Continued

Seattle, Wash. (area) :
 Longview
 Spokane
 Tacoma
 Yakima

DISTRICT V

Region VII:

Atlanta, Ga.
 Birmingham, Ala. (area) :
 Mobile
 Montgomery
 Sheffield
 Tallahassee, Fla. (area) :
 Jacksonville
 Miami
 Orlando
 Tampa
 Jackson, Miss. (area) :
 Meridian
 Atlanta, Ga. (area) :
 Columbus
 Savannah
 Columbia, S. C. (area) :
 Charleston
 Spartanburg

DISTRICT V—continued

Region VII—Continued

Nashville, Tenn. (area) :
 Chattanooga
 Knoxville
 Memphis

Region X:

Dallas, Tex.
 New Orleans, La. (area) :
 Lake Charles
 Baton Rouge
 Shreveport
 Albuquerque, N. M. (area) :
 Santa Fe
 El Paso, Tex.
 Houston, Tex. (area) :
 Austin
 Corpus Christi
 Longview
 Port Arthur
 San Antonio
 Dallas, Tex. (area) :
 Abilene
 Amarillo
 Fort Worth
 Waco

Honolulu, T. H., reports to district V

Senator BALL. And the new ones?

Mr. GALLAGHER. The new ones would have to be determined by the needs of the industry at the time those offices were opened, Senator. We operate on a staffing pattern, basing the distribution of our staff on the work load in the particular locality.

Senator KNOWLAND. But you must have had something for planning purposes, some rough idea of where the new offices would go in relation to the present offices.

Mr. GALLAGHER. The majority of them would come in locations where the construction trades are not very well covered. Smaller towns, I would say, of 25,000 to 50,000 people are where we do not have the coverage. The coverage, of course, as far as the construction industry, is on the basis of coverage of the agreement. It does not follow towns; it follows areas where labor and management bargain collectively; and the construction industry committee has asked us to set a goal of 5,000 such committees. The additional staff would necessarily then be placed in those smaller communities that cover an area of bargaining and in which we do not have field staffs located.

Mr. PATTERSON. There is one location that we included in our House testimony. Alaska has now set up a territorial apprenticeship council of management and labor, and they have asked for a field office. We have had quite a successful experience with a one-man office in Hawaii. It is felt that adequate apprenticeship programs in these outposts are very important to our national security. Through training they would have skilled workers there rather than have them shuttle back and forth from the mainland.

Senator BALL. I take it you have offices now in all metropolitan cities of over 100,000?

Mr. PATTERSON. Yes, sir. We will reach into most cities of 50,000 or over.

Senator McKELLAR. If we increase the expenses of every activity of Government by 25 percent, or thereabouts, we would soon have a very costly Government.

Mr. PATTERSON. I well realize that.

Senator McKELLAR. We could not possibly get along. It seems to me that your request for an increase is high. It is in the neighborhood of 25 percent. That is a very large percentage to increase your organization in a year.

Mr. PATTERSON. Yes. If we tried to do that every year it would be.

Senator McKELLAR. I have seen how often other agencies have asked for it.

Mr. PATTERSON. We do feel that that is a bare minimum under which we can do the job at this particular time.

Senator McKELLAR. I do not blame you. You are doing good work, and I do not blame you for your enthusiasm about it. But if we increased every department by 25 percent, it would not be long before we could not lend all this money abroad and get along.

PROBLEM OF SKILLED LABOR

Mr. GALLAGHER. There is one point about this, Senator, that throughout the war, at the direction of Congress, we subordinated apprenticeship to the needs of war production training. There is a tremendous backlog, if you stop to think about it; it was not so many years since most of our skilled labor came through immigration. We went through a depression, with industry training few, if any, skilled workers. Then we went through the war.

It is a matter of serious concern to industry when they study the age trends of the skilled workers. They are constantly going up. I believe the over-all average is approaching 45 years. There has not been enough training to replace those who are retiring at 65, so that for that reason we cannot continue to delay the completion of the training of more skilled workers.

Senator McKELLAR. I would like to say this to you: I would like to know how many of these apprentices are going to work. You did not have the figures. Can you get those figures and put them in the record? I would like to see them.

Mr. GALLAGHER. Senator, we do have a report—we do not have it at hand now—of the increase in completions per month reported to our office. This is only a small part of the actual number, but it will show the trend.

Senator McKELLAR. Put it in the record. We ought to know, because we cannot increase it so enormously, 25 percent, unless we know about it. We ought to know what we are doing.

Senator KNOWLAND. I think that should be in the record.

Mr. PATTERSON. We will be glad to get that as nearly as we can.

(The information requested is as follows:)

REGISTERED APPRENTICES REPORTED AS COMPLETING THEIR APPRENTICESHIPS, BY MONTHS, JANUARY 1945 THROUGH FEBRUARY 1947

With the summer of 1943, completions began to drop off. This was due to the mobilization of apprentices into the armed forces. Recuperation began only in the spring of 1946, when the trend in apprentice completions reached its lowest

point. Since that time it has risen, month by month, at a very rapid rate (completions for February 1947 are almost six times as large as a year ago) and shows no signs of flagging. For the past 2 years completions have been at the rate of about 1,500 a year. This year it should exceed 5,000, and will rise correspondingly in the future.

	1945	1946	1947		1945	1946	1947
January.....	148	53	226	July.....	214	92	-----
February.....	165	61	350	August.....	55	105	-----
March.....	118	81	-----	September.....	108	127	-----
April.....	124	41	-----	October.....	190	252	-----
May.....	100	134	-----	November.....	79	195	-----
June.....	143	170	-----	December.....	55	198	-----

APPRENTICE PRODUCTION ACTIVITY

Mr. PATTERSON. These apprentices, Senator, are productive from the first day they start on the job. It is not necessary to wait for them to complete their apprenticeships to get production from them. They are earning money regularly, in addition to the subsistence the veterans get. With that number of apprentices, the total amount of their annual wages would be quite high.

Senator McKELLAR. We want to know about that, in order to consider such a large increase.

Senator BALL. Have you submitted to the committee figures on the 37 positions of employees that will have to be dropped because of funds required for in-grade promotions?

Mr. GALLAGHER. There are three factors, Senator, that will effect that reduction. In the first place, the 497 total positions that we have this year are being carried for only 460 man-years.

COST OF PAY INCREASES AND PROMOTIONS

In addition to that, the cost of Public Law 390 will be \$236,000.

Senator BALL. What is that?

Mr. GALLAGHER. That is the pay increase—effective as of last July 1. The actual cost of that on those 497 positions is \$236,000. We have been allowed by the House \$218,000. There is \$18,000 lost there.

In addition to that the Ramspeck promotions, which are mandatory, will cost an additional \$44,374 for the year.

Senator DWORSHAK. Under the ceilings were you not required to absorb a part of that pay increase?

Mr. GALLAGHER. We absorbed the difference between \$218,000 and \$236,000.

Senator BALL. Where would you eliminate those 37 employees?

Mr. GALLAGHER. While we have not estimated it too accurately, I would say that there would be about 12 field representative positions, probably the balance in clerical.

Senator KNOWLAND. Are there any further questions?

Senator DWORSHAK. One more.

Your proposal for your Territorial representative, I presume in Alaska, you want a salary of \$7,102. Do you want him to be an assistant to the Governor? The Governor draws only that much in Alaska.

Mr. PATTERSON. That is an error. I noticed that discrepancy after completion of the estimates. It was not intended that the Alaska position would be at that grade.

Senator KNOWLAND. Typographically?

Mr. PATTERSON. Worse than that. It is our own error.

Senator DWORSHAK. That is all we have to rely on? How do we know whether it is an error or not?

Mr. PATTERSON. I am sorry that we did not discover the mistake until the material was in final form.

Senator DWORSHAK. That is what is presented to the committee, is it not?

Mr. PATTERSON. Yes, sir.

Senator DWORSHAK. You are sure it will be changed?

Mr. PATTERSON. Yes.

Senator KNOWLAND. Any further questions?

(No response.)

Senator KNOWLAND. If not, we thank you.

BUREAU OF LABOR STATISTICS

STATEMENTS OF EWAN CLAGUE, COMMISSIONER, BUREAU OF LABOR STATISTICS; ARYNESS JOY WICKENS, ASSISTANT COMMISSIONER FOR PROGRAM OPERATIONS; AND HENRY J. FITZGERALD, EXECUTIVE OFFICER

SALARIES AND EXPENSES

STANDARD CLASSIFICATION SCHEDULE

(The standard classification schedule is as follows:)

Salaries and expenses, Bureau of Labor Statistics, 1948

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 estimate compared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
01 Personal services.....	\$5,323,345	\$6,467,001	¹ \$2,304,000	+\$1,143,656	-\$4,163,001
03 Transportation of things.....	1,954	1,954	1,000		-954
04 Communication services.....	9,246	18,696	9,000	+9,450	-9,696
05 Rents and utility services.....	81,400	111,100	21,400	+29,700	-89,700
07 Other contractual services.....	87,320	84,820	30,000	-2,500	-54,820
08 Supplies and materials.....	14,200	16,450	8,000	+2,250	-8,450
09 Equipment.....		679		+679	-679
Grand total obligations.....	5,517,465	6,700,700	2,373,400	+1,183,235	-4,327,300
Transferred to "Salaries, Office of Sec- retary of Labor".....	+52,328			-52,328	
Net total obligations.....	5,569,793	6,700,700	2,373,400	+1,130,907	-4,327,300
Excess of obligations over appropria- tion due to Public Law 390.....	-637,000			+637,000	
Total appropriation or estimate..	4,932,793	6,700,700	2,373,400	+1,767,907	-4,327,300

¹ Includes \$63,000 for Labor Education Service transferred from the Division of Labor Standards.

A BRIEF SUMMARY OF THE STATEMENT BY THE COMMISSIONER OF LABOR STATISTICS WITH REFERENCE TO THE BUREAU'S REQUESTS FOR APPROPRIATION FOR THE FISCAL YEAR 1948

(1) The amount requested for salaries and expenses for the Bureau of Labor Statistics is \$6,700,700. The House approved \$2,373,400. The amount which we request the Senate to restore in this appropriation is \$4,327,300. The Bureau also

seeks the revision of certain limitations with respect to expenditures for personal services in the District of Columbia and on cost of living work.

(2) In connection with the statement in the report of the House subcommittee that this Bureau has grown beyond the original concept, as expressed in the law establishing it, it is submitted that the functions of the Bureau fall within the substantive legislation creating the Bureau of Labor Statistics, and further, that each item in the fact-finding program of the Bureau has been approved previously by congressional action.

(3) With reference to the question of the integration of national-defense appropriations into the regular appropriation, the continuance of statistical services financed during the war from national defense funds was reviewed on more than one occasion by committees of the Congress. Such work has been continued only to the extent that approval was specifically granted.

(4) As to the substantial growth that has occurred in the appropriation for the Bureau of Labor Statistics in recent years, my statement discusses in detail the considerations that have led to increased congressional appropriations for the fact-finding program of the Bureau—such as the need for monthly as against quarterly cost-of-living indexes; for adding State and local area data on employment, wage, and construction activity to the Nation-wide information already available; for more information on industrial relations and collective bargaining, man-hour productivity, occupational outlook, and foreign labor conditions, etc.

(5) My statement also points to the drastic curtailment in the fact-finding services to industry, labor, Government, and the public generally that would be required by the reduction approved by the House, and specifies the particular statistical services that would have to be eliminated or so reduced as to seriously impair their usefulness.

(6) I have stressed the current economic uncertainty in the field of prices and economic outlook in general, and its implications with respect to the need for current and authoritative information on prices, wages, productivity, employment, and foreign labor conditions in justifying the continuation of the fact-finding services of the Bureau of Labor Statistics to the greatest extent consistent with demonstrated need and economy of operations.

Mr. CLAGUE. Mr. Chairman, I have a brief statement I would like to read first.

Senator KNOWLAND. Proceed.

AMOUNT OF RESTORATION ASKED

Mr. CLAGUE. The amount requested for salaries and expenses for the Bureau of Labor Statistics is \$6,700,700. The House approved \$2,373,400. The amount which we request the Senate to restore in this appropriation is \$4,327,300.

Senator McKELLAR. How much did you receive last year?

Mr. CLAGUE. Approximately \$5,500,000.

Senator BALL. That includes the \$637,000 for Public Law 390?

Mr. CLAGUE. That is correct.

Senator BALL. Has that gone through yet?

Mr. FITZGERALD. Yes, sir; it has. It has passed the House.

REVISION ASKED IN LIMITATION OF EXPENDITURES FOR DISTRICT OF COLUMBIA

Mr. CLAGUE. The Bureau also seeks the revision of certain limitations with respect to expenditures for personal services in the District of Columbia and on cost-of-living work.

To begin with, Mr. Chairman, I would like to indicate, first, the grounds for the conviction that I have in asking the committee for consideration of the whole increase that was recommended in the President's budget for the Bureau of Labor Statistics. When I became Commissioner of Labor Statistics last August, one of my first duties was to review the budget proposals for the coming fiscal year. I was

aware of the need for economy. But as I reviewed the Bureau's program I became convinced that there was real justification for additional work. After consulting with representatives of management and labor groups, I recommended those studies and services which appeared necessary to supply adequate factual information on the current economic situation as it affects labor and industry.

REQUEST FOR FULL RESTORATION

Following the action of the House committee on March 21, 1947, in recommending a reduction in the appropriation for the Bureau of Labor Statistics, I sought the advice of the principal users of the services of the Bureau as to how the program could be readjusted with minimum loss in usefulness. Enough information has reached me to indicate that the reduction of the magnitude voted by the House—of 60 percent from present levels—would result in serious loss to industry and labor as well as to Government by elimination and curtailment of basic economic facts in a period of great economic uncertainty. In all earnestness, therefore, I wish to urge the restoration of the full appropriation as recommended in the President's budget.

FACT-FINDING AGENCY

Since its inception 63 years ago, the Bureau has functioned solely as a fact-finding agency. It has maintained a record of objectivity and impartiality in a difficult field of inquiry, as attested by the fact that it obtains the bulk of its reports directly from employers on a voluntary basis.

As the New York Times editorial of March 27 observed—

* * * by and large (the Bureau of Labor Statistics) performs an objective service which has been immensely useful to management and labor. * * * The Bureau of Labor Statistics has specialized in compiling information rather than in spreading propaganda.

CURRENT ECONOMIC STATISTICS

The Bureau produces well over half of the current economic statistics, outside of agriculture and finance, compiled in the Federal Government. The daily papers regularly carry the standard, official statistics on cost of living—and I have used that term interchangeably with consumers' price indexes which is the present name of the cost-of-living index—wholesale prices, employment, labor turn-over, wages, number of strikes, volume of housing and other construction—all from the Bureau of Labor Statistics. In the President's Economic Report, most of the statistical tables are based on data from the Bureau.

DISCUSSION OF HOUSE COMMITTEE REPORT

Before describing the work of the Bureau in detail and indicating the specific reasons why this appropriation should be provided, I want to discuss certain points raised in the report of the Subcommittee on Appropriations of the House of Representatives.

First, has the work of the Bureau grown "far beyond the original concept as expressed in the law establishing it"? The Bureau of Labor Statistics, established in 1884, was authorized and directed:

To acquire and diffuse among the people of the United States useful information on subjects connected with labor in the most general and comprehensive sense, and especially upon its relation to capital, the hours of labor, the earnings of laboring men and women, and the means of promoting their material prosperity and social, intellectual, and moral welfare; to investigate the causes of, and facts relating to all controversies and disputes between employers and employees as they may occur, and which may tend to interfere with the welfare of the peoples of the different States (June 13, 1888); and to publish information on the condition of labor in this and other countries, condensations of State and foreign labor reports, facts of conditions of employment, and such other facts as may be considered of value to the industrial interests of the United States (Mar. 2, 1895).

From time to time the Congress has since authorized and directed the Bureau to engage in specific activities, but all within the framework of the original legislation.

Many of the major programs of the Bureau have in fact been undertaken at the specific direction of the Congress. For example, in fiscal 1940, the Congress, acting upon the recommendation of the President's Advisory Committee on Education, established the occupational outlook program in the Bureau. By joint resolution of June 7, 1940, the Bureau was directed "to make continuing studies of productivity and labor costs" in all major industries. The consumers' price check on prices paid by housewives and the estimated dollar cost of living as represented by a city worker's family budget was initiated at the specific request of the Congress at the suggestion of members of the House Committee on Appropriations.

I have carefully reviewed the functions of the Bureau and I have been unable to discover any activity that does not clearly fall within the original concept. It is true that the Bureau has greatly extended the volume of its work, particularly in obtaining more information for localities and for States, but it is all within this legislative framework.

GROWTH IN APPROPRIATIONS

Next, what are the facts concerning the growth in the appropriations and in the work of the Bureau of Labor Statistics in recent years?

In 1931, the total appropriation was a little over half a million, with \$442,000 for salaries and expenses. To get needed facts about employment and unemployment and cost of living, during those difficult depression years, the program expanded until in 1936 the salaries and expenses budget totaled \$1,084,600. It then declined to \$784,000 in 1938, which was the low year for this period, but rose again to \$1,107,580 in the fiscal year 1941, just before the United States entered the war.

PERIODIC STATISTICAL REPORTS

Senator KNOWLAND. Were you putting out a monthly or quarterly report at that time?

Mr. CLAGUE. On the cost of living?

Senator KNOWLAND. Yes.

Mr. CLAGUE. Quarterly.

Senator KNOWLAND. When did you start the monthly report? I thought they were started in 1940.

Mr. CLAGUE. They were started in 1940.

At that time the Advisory Committee for the Council of National Defense suggested that we should put that on a quarterly basis and speed up the reports, which we then did.

Senator KNOWLAND. I think it is a good thing. But in a considerable part of 1940 and the year 1941 you were putting out a monthly report with the staff that you had then.

Mrs. WICKENS. If I may interpose, Senator, that was not paid for out of the budget which is shown here. It was paid for by emergency funds transferred to us from the President's emergency budget. It was not incorporated in the Bureau's own budget.

Senator KNOWLAND. I think that is a valuable piece of information. How much is involved?

Mrs. WICKENS. Mr. Fitzgerald can tell you the amount of funds transferred to us for the beginning of that activity, which was only for a part of the fiscal year in the first instance.

Senator KNOWLAND. That is the year 1940?

Mrs. WICKENS. No; that was in the fiscal year 1941. We can give you, I am sure, in just a moment the total amount which was expended on that activity in the first year in which it was introduced into our regular budget.

Senator KNOWLAND. Then it should have shown in the 1941 budget, or was there an additional emergency transfer at that time?

Mr. FITZGERALD. It was a working fund in the fiscal year 1941 of about \$139,000.

Mrs. WICKENS. It covered only part of that year.

Mr. FITZGERALD. It was not in our regular budget for fiscal year 1941.

Mr. CLAGUE. In fact, it did not get in our budget until when?

Mrs. WICKENS. Fiscal year 1942.

Senator BALL. Did you say \$139,000 was transferred in fiscal year 1941?

Mr. FITZGERALD. That is right.

Senator BALL. And you started this monthly report in spring of 1940?

Mrs. WICKENS. It was later than the spring of 1940. It was October 1940.

Senator BALL. That carried it only part of the year?

Mrs. WICKENS. Right.

Mr. CLAGUE. For the current fiscal year the estimated amount of expenditures is approximately \$5,500,000. In making these comparisons allowances must be made for the fact that the salary costs are now approximately 35 percent higher than before the war, so that the Bureau's present appropriation is the equivalent of a little over \$4,000,000 before the war.

It is true that the Bureau has grown substantially during the war period. It has grown because its work was needed—in more detail, for more areas, and more promptly. For example, before the United States entered the war, the Advisory Committee to the Council of National Defense asked that the Bureau extend and speed up its work on cost of living, wholesale prices, and employment in order to measure the effects of the war effort. Additional emergency funds were provided for this purpose.

Senator McCARRAN. How long did that continue? Did you not have emergency funds later than that?

Mr. CLAGUE. Yes, sir.

Senator McCARRAN. When did the additional emergency funds cease?

Mrs. WICKENS. Senator, that applies at different times to different programs. For this particular purpose my recollection is that funds were granted to us by the Congress in fiscal year 1943 for cost-of-living indexes. So far as I recall we were not granted additional funds for the employment work, which continued to be paid out of War Production Board and other funds.

As the testimony further indicates, one after another of these programs which were related to our regular work, and grew out of it, things which the public had a right to expect us to provide, you might say, were brought before our regular appropriations committee, considered by them, and such portions as they regarded as worthy were then incorporated in the budget.

But this happened to one program after another. All during this period we had extensive emergency funds.

Senator McCARRAN. During the war?

Mrs. WICKENS. Yes, sir. Some of these were purely war service activities which ended as soon as the need for the activities ended, like the OPA service, and so on.

Mr. CLAGUE. Thus the war gave impetus to advances in the scope and detail of economic statistics to meet needs which had become increasingly evident, but which had never been adequately met—in the same way that the needs of war hastened advances in the physical sciences. With specific review by the Congress on each added program, the total appropriations of the Bureau increased substantially during the war period. Officials of the Bureau repeatedly indicated that most of its work would be equally important in the reconversion and peacetime periods.

RECONVERSION STATISTICS

Even in 1944, before the end of the war, it was recognized that economic statistics would be required in the reconversion period, and a reconversion statistics program was formulated. In December of that year, 1944, the Congress appropriated to the Bureau of Labor Statistics an additional \$1,162,000 for reconversion statistics on employment and wages, specifically designed for the peacetime period.

Senator BALL. Has that program been pretty well completed?

Mr. CLAGUE. No, sir. That is now in our present operations, Senator.

Senator BALL. In the budget for next year?

Mr. CLAGUE. Yes, sir.

Senator BALL. Do you not think reconversion is pretty well completed?

Mr. CLAGUE. There are two main items in there. One is State and local employment statistics, which I will discuss a little further on, and the other is local wage data, publishing wages on a local basis, which I also will discuss a little later on.

May I put your question off until we touch that?

STATE COOPERATION

Senator KNOWLAND. Do not the States with the unemployment compensation keep fairly good statistics on the unemployment situation within the States?

Mr. CLAGUE. With respect to unemployment, yes. They get unemployment data through their unemployment compensation benefits. These are employment statistics which we work out in cooperation with the States.

We have a cooperative arrangement with the State agencies in 26 States, some of which are unemployment compensation agencies in which we work, getting these current quick reports on employment by industries. Those are the employment statistics to which I referred here.

On four separate occasions, the committees of the Congress reviewed the Bureau's program in detail, and all war-connected activities were eliminated. For example, shortly after VJ-day the Bureau of Labor Statistics, along with all other Federal agencies, was asked to appear before the House Appropriations Committee to justify the continuation of its national defense appropriations.

Under wartime fiscal regulations all additions to appropriations, regardless of whether they represented fundamental improvements in a regular program as authorized by Congress or were temporary war activities, were listed as "national defense" instead of "regular" appropriations.

At this point I would like to point out that these moneys that I have been talking about heretofore still appeared in our budget as national defense appropriations and not as part of our regular budget.

After this hearing, the Bureau was authorized to continue its entire program as outlined at that time. A few months later, in December 1945, the Bureau requested and received from the Congress \$172,760 in supplemental funds to undertake additional work in industrial relations, productivity reports, and labor requirements for construction. In connection with the appropriation for fiscal year 1947, the program was reconsidered once more and the regular and national defense appropriations were approved and combined into one fund, with a reduction of about \$520,000 in the total amount requested.

SCOPE OF FOUR PROGRAMS

A large proportion of the over-all increase in funds from before the war to the present time is accounted for by expansion in the scope of four programs, first, in prices and cost of living; second, wages; third, employment statistics; and fourth, housing and construction statistics. I urge that you consider carefully the prospective needs for these programs in the light of the present unsettled economic situation.

BUREAU SERVICES

I want also to call attention to certain added costs growing out of improvements in the quality of the Bureau's data and its services. These may be summarized briefly: Greater frequency of collection and publication of various types of information—for example, monthly

instead of quarterly cost-of-living indexes; greater speed of publication—for example, the monthly reports on employment trends by industry are released within 1 month instead of 2½ months; greater detail—for example, local wage rates for specific occupations, additional commodities in wholesale prices, more industries in the employment reports; greater service—for example, more service to industry and labor in the way of special tabulations, larger number of special inquiries answered, and more technical statistical assistance to State agencies doing work related to that of the Bureau.

COST OF LIVING AND PRICE STUDIES

I would like now to take up the specific four programs I mentioned. Cost of living and prices: First, let us consider cost of living and prices, on which our direct costs are \$991,000 this year, and for which a total of \$1,378,700 is requested for fiscal year 1948.

CONSUMERS' PRICE INDEX

With this fund the Bureau publishes the official cost-of-living index, now called the Consumers' Price Index, covering food, clothing, house-furnishings, fuel, and rent. This is given nationally and for 34 large cities. There are also figures on relative differences in living costs between cities and a new—as yet unpublished—estimate of the dollar cost of living for a workingman's family in 34 large cities and some small ones.

WHOLESALE-PRICE INDEX

Finally, there is the Government's official index of wholesale prices, begun in 1890 and issued both weekly and monthly; and a small daily index of cash prices for basic commodities on organized exchanges, begun in 1934.

Senator BALL. What is this "new estimate of the dollar cost of living for a workingman's family in 34 large cities"? Is that an estimate of what it costs for a family of four, or something like that?

Mr. CLAGUE. That is right. We chose a family of four. That is the program that the House Committee on Appropriations suggested 2 years ago, and on which we have been working since.

Senator BALL. How often do you do that?

Mr. CLAGUE. Once a year. We have not made our first report to Congress on the results.

Mrs. WICKENS. If I may interpose, Senator, that is the program for which additional cities were so strongly urged last year.

Senator BALL. For what?

Mrs. WICKENS. Last year the railroad brotherhoods and other groups strongly urged that the total dollar cost of living be computed for small as well as large cities.

CHANGE IN FREQUENCY OF PRICE SURVEYS

Mr. CLAGUE. The expansion of work in the field of cost of living and prices began 18 months before Pearl Harbor. In 1940, it became apparent that the quarterly cost of living index, available about 9

weeks after the prices were collected, was too infrequent and too slow in a period of rapidly changing prices. The Bureau then began to provide monthly indexes of cost of living to be available within 4 to 5 weeks. This program is still being followed.

Subsequently, in fiscal year 1943, the Congress authorized us to improve the quality of the rent reports in the cost of living index by obtaining figures directly from tenants (when data from rental management agencies became unrepresentative) at a considerably higher cost.

This is because the rents reported by management agencies proved not to be representative of all rents during a period of rent control.

Finally, in fiscal year 1945, in order to check the reliability of the Consumers' Price Index, the House Committee on Appropriations suggested a survey of prices actually paid by housewives, and provided special funds for this purpose. Reductions in requested appropriations in the past 2 years have already forced a cut in this essential program to about one-third of its former size.

PROPOSAL TO INCREASE NUMBER OF CITIES FOR PRICE INDEXES

For the fiscal year 1948, it is proposed to increase to 100 the number of cities for which consumers' price indexes are prepared—with positions totaling \$208,149.

Senator McCARRAN. How many do you have now?

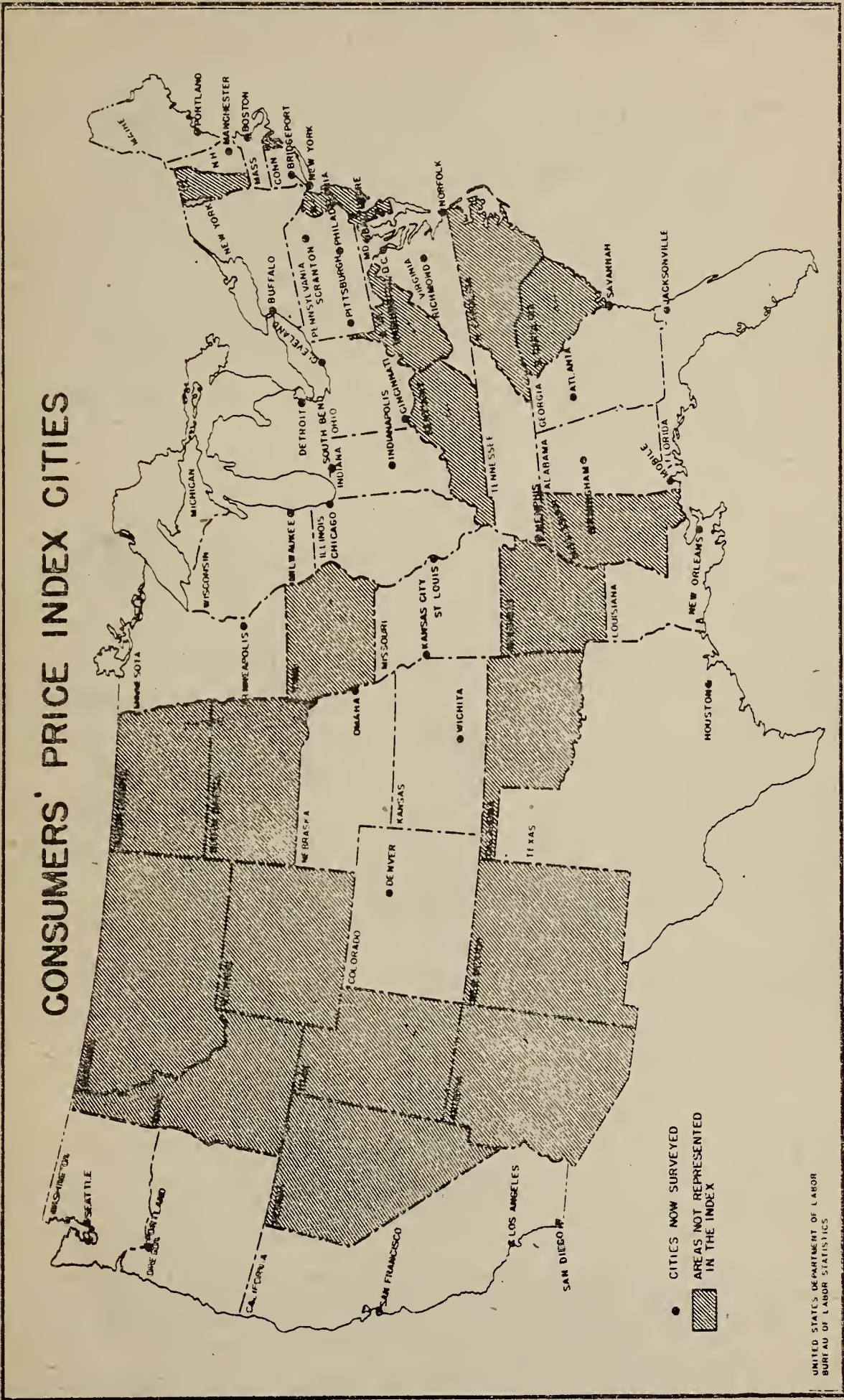
Mr. CLAGUE. Thirty-four cities on a quarterly or monthly basis. In addition, there are five on a semiannual basis, so 39 is the number of cities on which we have some items at some time during the year. Twenty-one of those are on a monthly basis, 13 come in quarterly, and then the 5 come in semiannually.

Senator McCARRAN. What regions are covered in that?

Mr. WICKENS. I have here, sir, a map which shows the States in which we have such indexes, and indicates the States in which there are no cost of living indexes as such.

(The map referred to follows:)

CONSUMERS' PRICE INDEX CITIES



Senator McCARRAN. What do you take as a city indicative of the conditions in the West, west of the Rocky Mountains?

Mrs. WICKENS. Very few. That is the problem. We have Denver——

Senator McCARRAN. Denver is east of the Rocky Mountains.

Mrs. WICKENS. Quite right. Seattle, San Francisco, Los Angeles, Portland, Oreg., either monthly or quarterly and a semiannual index in San Diego. We have nothing, practically speaking——

Senator McCARRAN. Nothing in the other States?

Mrs. WICKENS. The States shown in black, are the ones in which we have no cost of living index. You can see that the whole mountain area and the Midwest plains area are not covered. It is pretty hard for us to provide information. When a man from one of these States asks what we have, we can say, "We have San Francisco," but he will say, "It is no good to me."

If this list of the 21 States in which there is no consumers' price index will interest you, I will pass it along to you.

(The matter referred to is as follows:)

Consumers' price indexes, all items

State	34 large cities, quarterly	21 large cities, monthly	5 cities, semi- annually
Alabama.....	Birmingham.....	Birmingham.....	San Diego.
Do.....	Mobile.....	Los Angeles.....	
California.....	Los Angeles.....	San Francisco.....	
Do.....	San Francisco.....	Denver.....	
Colorado.....	Denver.....	Washington.....	Bridgeport.
Connecticut.....	Washington.....	Jacksonville.....	
District of Columbia.....	Jacksonville.....	Atlanta.....	
Florida.....	Atlanta.....	Savannah.....	
Georgia.....	Savannah.....	Chicago.....	South Bend. Wichita.
Do.....	Chicago.....	Indianapolis.....	
Illinois.....	Indianapolis.....	New Orleans.....	
Indiana.....	New Orleans.....	Portland.....	
Kansas.....	Portland.....	Baltimore.....	Omaha.
Louisiana.....	Baltimore.....	Boston.....	
Maine.....	Boston.....	Detroit.....	
Maryland.....	Detroit.....	Minneapolis.....	
Massachusetts.....	Minneapolis.....	Kansas City.....	
Michigan.....	Kansas City.....	St. Louis.....	
Minnesota.....	St. Louis.....	Manchester.....	
Missouri.....	Manchester.....	Buffalo.....	
Do.....	Buffalo.....	New York.....	
Nebraska.....	New York.....	Cincinnati.....	
New Hampshire.....	Cincinnati.....	Cleveland.....	
New York.....	Cleveland.....	Portland.....	
Do.....	Portland.....	Philadelphia.....	
Ohio.....	Philadelphia.....	Pittsburgh.....	
Do.....	Pittsburgh.....	Scranton.....	
Do.....	Scranton.....	Memphis.....	
Oregon.....	Memphis.....	Houston.....	
Pennsylvania.....	Houston.....	Norfolk.....	
Do.....	Norfolk.....	Richmond.....	
Do.....	Richmond.....	Seattle.....	
Tennessee.....	Seattle.....	Milwaukee.....	
Texas.....	Milwaukee.....		
Virginia.....			
Do.....			
Washington.....			
Wisconsin.....			

States in which BLS has consumers' price indexes: Alabama, California, Colorado, Connecticut, District of Columbia, Florida, Georgia, Illinois, Indiana, Kansas, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska, New Hampshire, New York, Ohio, Oregon, Pennsylvania, Tennessee, Texas, Virginia, Washington, Wisconsin.

States in which there are no consumers' price indexes: Arizona, Arkansas, Delaware, Idaho, Iowa, Kentucky, Mississippi, Montana, Nevada, New Jersey, New Mexico, North Carolina, North Dakota, Oklahoma, Rhode Island, South Carolina, South Dakota, Utah, Vermont, West Virginia, Wyoming.

Senator McCARRAN. Thank you.

Mr. CLAGUE. This increase is requested in order to provide indexes for small and medium-size cities, and for at least one index in every State. At the present time there are no official Bureau of Labor Statistics' cost of living indexes in 21 States, or in a number of major regions of the country.

Senator McCARRAN. You propose to add 100?

Mr. CLAGUE. No; we proposed a total of 100.

Senator McCARRAN. You added how many?

Mr. CLAGUE. Sixty-one cities.

Senator McCARRAN. What would that cost, alone?

Mr. CLAGUE. \$208,000.

Senator McCARRAN. Go ahead.

Mr. CLAGUE. This proposal was made on the recommendation of a number of important organizations, including the Congress of American Industry of the National Association of Manufacturers and the Association of Railway Labor Executives.

There is complete agreement on the part of business, labor, and public agencies that this program is important and must be maintained. I shall later supply for the committee a digest of the advice which we have received from various organizations on this subject and indicate the extent to which the data are needed on a prompt monthly basis, for various purposes. I can say at this time that the National Association of Manufacturers has again—on March 31, 1947—urged that, regardless of cuts that might be made elsewhere, the consumers' price indexes should be expanded and improved.

Finally, I wish to summarize briefly the other points at which increases were requested for fiscal year 1948 in the cost of living and price program. These increases assume that the Bureau's wholesale price work must be maintained—all our advice from business emphasizes this.

A number of increases, with positions totaling about \$129,000, were requested for estimates of the dollar cost of a city worker's family budget, requested by the Congress for large cities in fiscal year 1945, for 35 additional small- and medium-size cities—that is the question raised by Senator Ball a while ago—for making a check on prices actually paid in six cities instead of three as currently done, in order to provide for reweighting the consumers' price index every 6 years instead of every 12; and for technical assistance to States which want to develop consumer price indexes for their own cities.

QUARTERLY SURVEYS OF RENT

Surveys of urban rents quarterly, instead of semiannually as at present, is proposed contingent upon need in the event that rents begin to rise, with positions totaling \$74,222. That is a contingent item to be used if Federal rent control is removed and rents move faster than at the present time. Now we make surveys every 6 months.

PRICE SURVEY ON GOODS BOUGHT BY THE GOVERNMENT

A final proposal—an index of prices of good purchased by Government—was made to provide a guide to better purchasing practices by Federal Government agencies, with positions totaling \$35,535.

SURVEYS OF RENT

Senator McCARRAN. Why do you take the rent index every 6 months? Is that not a simple matter to collect at this time? Do not States have their own rent controls and cities have their own rent controls?

Mrs. WICKENS. Very few of the cities have such rent controls, Senator. The District of Columbia is a notable exception.

Senator McCARRAN. Yes.

Mrs. WICKENS. Most cities are under Federal rent control, with the exception of a good number of small cities where control was never instituted. We discovered that rents were changing in a spotty fashion, but rather slowly, and in order to cut down our costs, we went back—about 3 years ago as I recall—to asking tenants only twice a year what rent they pay to measure the number and the size of rent increases.

Now rents are gradually creeping up, but we still did not want to ask tenants for rent information more often than twice a year because the changes are still small.

If, however, there should be a relaxation of rent controls, I am sure everyone realizes that rents would begin to move very quickly, and we could not wait for 6 months in good conscience before we answered people's questions about how much rents were going up, and where.

Senator McCARRAN. It struck me, in view of the fact that you did have Federal rent control, and that the statistics should certainly be available to the Federal agency having that control, that it would be rather a simple thing for you to have it.

SURVEYS FOR OFFICE OF PRICE ADMINISTRATION

Mrs. WICKENS. No, sir. We collected all the rent statistics for the Office of Price Administration in those cities. In fact we made virtually all of their surveys—this was the service for which we were paid specially and which was not in our budget—to check whether rents had risen sufficiently to institute rent controls, or whether they were sufficiently stable to permit decontrol in some small areas where there were Army camps, for example.

We made between 2,000 and 3,000 such rent surveys for the Office of Price Administration at their expense during the war. Of course, these surveys are diminishing in number now and are done on a cost basis, at their order, and in cities in which they require information.

We have acted as their statistical arm. We have tallied their rent registrations against our reports of rents. We found, and I am sure you know also from your experiences, that there were many houses not registered with the OPA, nor were rent changes always registered with the OPA. We know that there were many rents above ceilings, a good many of which were reported to us.

We naturally never divulged the identity of any individual reporting such rents, because we operate on a confidential basis. But we did advise the Office of Price Administration, confidentially, at their request, of the areas in which such violations were large in number, because we have had the only systematic statistics available throughout the country on a comparable basis.

Senator McCARRAN. I do not care to pursue the matter, Mr. Chairman, but it did seem to me that the base of her statistics could have

been collected by this agency which should have been collected by another Federal agency.

The point I have in mind is that in place of a 6-month report it should have a 1-month report.

It seems to justify it. I am just wondering if this is another case where they do not speak to each other.

INFORMATION ON RENTS

Mrs. WICKENS. That was not so in this case, sir. As a matter of fact, we had information on rents prior to the institution of rent control. But in various cities, as control was gradually introduced, and rents stabilized to a considerable extent, we did not want to spend so much money where there was so little change in the situation.

Mr. CLAGUE. Our rent index has only risen less than 5 percent since before the war, so there is no point in surveying rents more often unless they really start to move.

STANDARD BUDGET FOR WORKINGMEN'S FAMILIES

Senator BALL. May I ask, Mr. Clague, in the third paragraph you talk about this dollar cost of the city worker's family budget. You want to take that in 35 additional cities, which will add to \$129,000.

How many cities are you taking it in now, and how much is the return cost to which this \$129,000 is added?

Mrs. WICKENS. We have virtually completed it for 34 cities, sir. We had scheduled to complete it for 50 cities in this fiscal year. Work has begun in one small city already, but we were instructed by the House, if I may be frank, to begin to reduce our staff by a very large proportion, by about 60 percent.

It raised a question in our minds whether we should proceed to get those statistics for the additional cities beyond the 34 if we could not complete the work in this fiscal year and not continue the reports in the next fiscal year.

Therefore, we had scheduled 50, but we have not yet completed them.

Senator BALL. What is the amount that is in your budget estimate of which this \$129,000 is increased over what you had estimated for this year?

INCREASES FOR DOLLAR COST OF CITY WORKER'S FAMILY BUDGET

Mr. FITZGERALD. That is not \$129,000 for that purpose. That is for the group of projects shown in that paragraph.

The added cost for this project in 1948 is approximately \$28,000. The cost of the city worker's family budget in 1947 is \$90,000.

Senator KNOWLAND. What does the \$127,000 add to?

Mr. FITZGERALD. For the current fiscal year?

Senator KNOWLAND. Yes.

Mr. FITZGERALD. I do not have that figure.

TECHNICAL ASSISTANCE TO STATES AND CONSUMER CHECK ON PRICES

Senator BALL. One is technical assistance to States and the other is simply for this consumer check on prices in six instead of three cities. You make that check once each month and you make it in different cities, do you not?

Mr. CLAGUE. Currently we do it once a year for three cities; yes.

Senator BALL. However, you do not do it the whole year in three cities?

Mr. CLAGUE. No. In the spring of 1947, for instance, in a period of about 6 weeks we obtained data covering expenditures for the whole year 1946 in three cities.

Senator BALL. You do it for a month in three cities, so in the course of a year you cover all the cities?

Mr. CLAGUE. No. We do only three cities each year; at that rate it would take us 12 years to make the rounds in 34 cities. For next year we have asked to make the check on prices actually paid in six cities instead of three, by visiting the families, because that is where we get what they actually spend on various kinds of foods, for instance, and the prices they pay for those foods.

Senator KNOWLAND. It is a family budget?

Mr. CLAGUE. That is not for the purpose of making a family budget but to check the accuracy of the prices reported for use in our index and also to check the weights used for computing the index.

It enables us to determine what kind of meat and clothes, and the like, people are buying.

Senator BALL. You do that in three cities each month?

Mrs. WICKENS. No; each year, sir.

Senator KNOWLAND. That is not so much on prices but on items?

Mr. CLAGUE. That is right. It is to find out what they are buying and how much they are buying.

Senator KNOWLAND. You can therefore tell whether these items should be included in your other indexes?

Mr. CLAGUE. Yes; and to determine whether the prices people are paying are the ones we are getting from stores as well. This is not used as an index in itself, but to verify our regular price index.

Senator BALL. Has it resulted in any substantial changes in your index?

Mrs. WICKENS. Yes, sir; we expect to revise weights for the first three cities we obtained on this basis. Originally this survey was made Nation-wide for 1,700 families and was used then to verify our weights for the index, which proved to be substantially correct. We did add some items to the index on the basis of the first survey.

However, with the reduction in our budget 2 years ago, we cut this back to a program of covering three cities at a time so that we might revise the weights in our index gradually to avoid, as much as possible, the peak load and cost involved in doing them all at one time.

Perhaps I should explain that the weights in the index at present, aside from certain wartime adjustments which were more or less arbitrary, were based on a survey made in 1934-36, of some 20,000 families which cost over \$2,000,000.

SIX-YEAR PROGRAM FOR CONSUMER CHECK

We believe it is more economical and sounder to do that on a continuing gradual basis. We had hoped in 1948, to do six cities a year, which would enable us to cover the 34 large cities in 6 years rather than 11 or 12 years.

This is a tool for weighting the index and to find what proportion of the budget goes for food, for clothing, for rent, and the other elements of the cost of living.

Actually, the program we are presenting to you here for six cities would cost, over a period of 6 years, less than half as much as the old 1934-36 program cost and we believe would be much more valuable because it would be current and continuing.

PRESENT COST FOR CONSUMER CHECK IN THREE CITIES

Senator BALL. How much does it cost now for three cities?

Mrs. WICKENS. That would be \$40,000.

Senator BALL. \$40,000?

Mrs. WICKENS. Yes, sir; and I can now answer your earlier question.

Senator BALL. Wait a minute, now, does that mean you do that throughout the year or you go in with a special crew or your regular crew in odd moments does that job in that city?

Mrs. WICKENS. As a rule, our regular crew does it as other schedules permit, usually early in the calendar year. We have just finished Milwaukee, Scranton, and Savannah. They are scheduled to dovetail with our other program.

COST OF CITY WORKER'S FAMILY BUDGET PROGRAM

I have the figures now on the cost of the city worker's family budget program.

In both small and large cities—that is the 50 that I spoke of before—it runs approximately \$90,000. It has not yet been completed so I cannot give a precise total.

Senator BALL. That includes the \$27,000 increase over what you have this year?

Mrs. WICKENS. This \$90,000 is anticipated as an expenditure for this year, and the increase would be \$27,700 beyond that, or a total next year of \$107,700.

I should say that there are elements of joint cost here, and that data for certain programs, notably the city worker's family budget, are obtained at the same time that prices are obtained for the consumers' price index. So I have given you here additional costs of this project.

VALUE OF INFORMATION OBTAINED

Senator BALL. What good is that kind of information?

Mrs. WICKENS. The dollar costs?

Senator BALL. Yes; who is going to use it and for what?

Mrs. WICKENS. I can assure you that the unions are going to make immediate use of it, and I am sure that certain business groups, par-

ticularly the marketing groups, are very much interested in it. I discussed it, without giving figures because they have not yet been released, before a meeting of the National Industrial Conference Board and found many business people there very much interested in it. They made a number of suggestions, as did industry and labor at two confidential off-the-record conferences we held with them 2 months ago.

It answers the question of the man in the street, "How much in dollars and cents does it cost to live?"

He does not mean, by that question, how much has the price risen, he means dollars. It is a very difficult thing to do.

HOW INFORMATION IS OBTAINED

Senator BALL. How did you do it? Do you go in and take a specific family and find out how much they spent or do you get a composite family of four?

Mrs. WICKENS. That is what you do, but let me tell you we worked very long and hard before we began this. We got an expert group of people in the field of consumer economics, Department of Agriculture experts, labor and business people, and asked them to set general principles on which we should proceed in order to determine the items that went into the budget.

For food, we took minimum standards from the National Research Council's Food and Nutrition Board and then we worked those back to what the people actually buy, in terms of finding families who, from a study made by the Bureau of Human Nutrition and Home Economics, actually had diets that came up to those standards.

We translated that into actual food. We took housing standards from the Committee on the Hygiene of Housing of the American Public Health Association. For the other items, we worked out careful techniques that were based on our records of what the families buy or bought in 1941, 1944, and the earlier 1934-36 study to see at what point the families, as their incomes went up, stopped buying additional quantities of things and moved into higher price lines.

We attempted to set up some objective minimums because the Bureau cannot say, "We sat down around the table and decided how many pairs of hose a working man's wife should have."

The marketing people are particularly interested in this entire study.

Senator McKELLAR. What good would it do? I am not a family man, and I do not know anything about that feature of it, but I do not see what good it would do for anyone to know how much I bought, how much I had for my dinner, how much for my breakfast or lunch.

The truth of the thing is it depends entirely on how I feel. You would have to work it on an average. I do not see what good it would do, and I do not see how you could make it accurate, unless you took statistics from all the people. I do not see how you could make it accurate, because people spend very different amounts for food, first on account of how they feel themselves, and in the next place, upon how much money they had.

Mrs. WICKENS. That is quite true.

We have tried to take account of the fact that people choose between different things in a budget. We have made allowance for that.

We know a lot about how they shift their buying when their incomes change, from automobiles to clothes and back again.

We know about how they will spend their food dollar at various incomes.

We have tried to reach some minimum—not minimum in the sense of what it takes to exist, because you can live on very little for a short period in an emergency, but something that may be described as a minimum adequate American standard.

You will perhaps recall, sir, that we were asked to do this by the House Committee on Appropriations, and it is this report—this was the new element in the report—which the Appropriations Act of last year and this year referred to as a “Cost of Living Study and Report.”

This idea originated with a member of the House Appropriations Committee and was supported by that committee.

Senator McKELLAR. I cannot see what good it will do.

Mrs. WICKENS. It is useful in negotiations as a guide to how much it actually takes for a workingman's family to live in a large city in the United States.

Senator BALL. It undoubtedly will be used up here to lobby for an increased minimum wage, too.

Mrs. WICKENS. We will not have money under our present budget and certainly not under this estimate to make estimates for families of other sizes. We must issue estimates for three- and five-person families and we will do that on a rough basis.

It would be quite important also to get information by this same technique for families of one and two, because there are very large numbers of such families.

STATUS OF STUDY

Senator BALL. Is this study ready yet?

Mrs. WICKENS. It is almost ready to publish.

Senator McKELLAR. You seem to be an unduly bright woman, and last year your estimate was \$5,323,000 and your estimate for this year is \$6,467,000. That is an increase of \$1,144,000 from last year to this.

If you continue each year to ask for an increase of this sort, where in the world will we go in ascertaining how much a neighbor eats? You do not find out how much he pays for it, do you?

Mrs. WICKENS. Oh, yes; we do.

Senator McKELLAR. It seems to me we are spending too much money about a matter you cannot be accurate on.

It seems to me you have asked for an increase in your appropriations this time which to me looks tremendous.

Mrs. WICKENS. May I take that question in two parts, Senator?

Senator McKELLAR. Certainly.

Mrs. WICKENS. I really think the latter half of your question belongs to the Commissioner and not to me, but with reference to the money expended on finding out what people buy and what they pay for it, we do need to know what proportion of the moderate income family's dollars goes to food, clothing, rent, house furnishings, and the like. I think we are getting these figures at a minimum of expense.

PREVIOUS STUDIES ON WHAT UNITED STATES FAMILIES BUY

The Bureau has made three large studies, in 1901, 1918, and 1934-36, of what United States families bought. We felt that a small continuing program was a more economical way of getting weights for the index, and we could keep it up to date on a current basis.

I will grant that individual families may not be representative but we do add them up and classify them by income groups.

They provide surprisingly stable information, aside from the changes in buying habits of the public, which we do need to know about.

REQUESTED INCREASES FOR 1948

With reference to the requested increase in the Bureau's budget, these items are detailed here one by one, each for a specific purpose. Not all of them are in the field of prices and the Commissioner was proceeding to discuss the others. The largest increase in the price program was intended to extend the geographic coverage of our consumers price indexes which show month-to-month changes in the cost of living. These other items are relatively small and are for the purpose of improvement either in the speed or in the coverage of parts or the cost-of-living program.

This mimeographed statement, shows the additional items in detail.

Senator McCARRAN. I think it might be well to have that in the record.

Mrs. WICKENS. I would appreciate that.

Senator KNOWLAND. This will go in at the end of the Commissioner's remarks.

(The information referred to appears below :)

Estimate of appropriation, fiscal year 1948, salaries and expenses

Year	Funds requested, total	Number of full-time positions		
		Total	District of Columbia	Field
Estimated total, 1947 appropriation.....	\$5, 569, 793	1, 698	1, 158	540
1947 items not requested in 1948.....	111, 044	43	34	9
New base.....	5, 458, 749	1, 655	1, 124	531
1948 estimate.....	6, 700, 700	2, 032	1, 327	1 705
Increase over base.....	1, 241, 951	377	203	174

¹ In addition, the estimate provides for part-time employment equivalent to approximately 143 full-time employees. These part-time workers are used for the local collection of certain statistics.

INCREASES REQUESTED FOR 1948

The increases proposed are shown below. The amounts opposite each project are for personal services only. After allowance is made for lapses, the total cost of all projects will be \$107,985 less than the total for the projects as listed.

	Amount	Remarks
Prices and cost of living.....	\$446,589	
Consumers' price indexes.....	208,149	For indexes in 100 cities, 1 in every State. Now only 39 cities; 21 States not covered.
Standard budget for workingmen's families. ¹	27,737	For total dollar living costs in 85 cities. This year in 50 cities.
Cooperation with States.....	19,042	Technical advice requested by States to help them to make consumers' price indexes for supplementary cities.
Consumers' price check.....	² 81,904	To get prices paid and expenditures direct from housewives in 6 cities annually (3 at present) to keep consumers' price indexes accurate.
Prices of goods purchased by Government.	35,535	To measure changes in prices Government pays for more economical buying. No such data available Government-wide.
Quarterly survey of rents.....	74,222	To survey rents quarterly, rather than semi-annually, if rents begin to change. Will be used only if necessary.
Wage analysis: Industry wage studies.....	391,401	To put wage rate data now collected on an up-to-date basis by local surveys once a year in all major industries. Surveys now once in 4 years for big industries.
Productivity and technological developments: Direct productivity reports.	97,965	To establish direct annual reporting on changes in labor productivity in important industries not now surveyed.
Industrial relations.....	57,912	
Machine tabulation of collective bargaining agreements.	35,910	For more efficient tabulation, providing wider use of information from Bureau's file of collective bargaining contracts.
Plant studies of collective bargaining....	22,002	To study the kind of labor-management practices that make for good industrial relations.
Employment and construction statistics: Technical research and procedures	29,914	To improve accuracy and to increase industry detail on employment and pay-roll statistics.
Industrial hazards.....	49,617	
Accident cause studies.....	19,993	To survey 4 industries a year (instead of 2 as now) where accident rates are high. Useful in accident-reducing campaigns.
State services.....	13,978	To give technical assistance to States on their accident and workmen's compensation statistics.
Workmen's compensation.....	15,646	To show coverage and benefit limitation of workmen's compensation, on which practically no information now exists.
General.....	233,459	
Foreign labor conditions.....	86,186	To gather information in countries not now covered, as needed by Department of Labor in its work with interdepartmental agencies in the foreign field.
Management planning and review.....	12,449	To improve administration and increase efficiency.
Assistants to the Commissioner.....	24,197	To provide professional and advisory assistance to the Commissioner to improve service of the Bureau to Government and public.
Tabulation of administrative statistics for the Wage and House Division.	10,627	Formerly financed by transfer of funds within Department.
Within-grade promotions.....	75,000	To provide for promotions as required by law.
Decrease in lapses.....	25,000	Portion of cost of Public Law 390 to be absorbed in 1947 but which cannot be absorbed in 1948.

¹ Originally begun at request of the House Committee on Appropriations.

² The net amount actually requested is \$38,921. The total of \$81,904 for positions includes a large allowance for lapses.

Nonlabor expenses

Object	Salaries and expenses	Departmental allocations	Total
Travel		\$328,346	\$328,346
Communication services	\$10,250		10,250
Repts and utility services	29,700	8,323	38,023
Printing and binding		8,032	8,032
Other contractual services		2,500	2,500
Supplies and materials	2,450	2,828	5,278
Equipment	679		679
Penalty mail		5,000	5,000
Total	43,079	355,029	398,108

WHEN RESULTS OF WORKER'S FAMILY BUDGET WILL BE AVAILABLE

Senator BALL. With reference to this worker's family budget, do you expect to have that published before the committee starts to mark up the bill?

Mrs. WICKENS. We would like very much to go over it with you.

Senator BALL. Will you show how expenditures vary in relation to income? That seems to me, from the standpoint of economics of the country, to be most valuable. That is, it shows how much it is for each range of income.

Mrs. WICKENS. We did that in '41 and in '44. I could show you those tables.

Senator BALL. This is not that kind of thing?

Mrs. WICKENS. This is just what it costs a workingman's family of 4 to live according to an objective standard of minimum adequacy. What you have is a list of items in the family budget and the cost of those items at given dates and with account taken of the kinds of substitution families make, such as oleomargarine for butter, and so forth. I would be glad to show it to you, sir.

Senator McKELLAR. Could that not be done away with to a very large extent when prices are very low, and again when they are very high? For instance, I find that the various little articles at the drug store, like aspirin and things of that sort, have increased in price. I think it is over 100 percent, and maybe 200 percent. Many little items have increased that way.

We all know the cost of living is two or three times as much as it was 6 or 8 years ago. I do not see what good it would do to make an estimate.

Mrs. WICKENS. This would be kept up to date, of course. It is true that this original report will come at an all-time high in the price level, and that has given us concern.

Senator McKELLAR. I hope so.

Mr. CLAGUE. I think I would like to answer Senator McKellar's question another way, too.

COMPARATIVE DIFFERENCES IN COST OF LIVING BETWEEN CITIES

I read the history of the action of the House Appropriations Committee in asking that this be done, and I believe one of the things that interested them was the comparative difference between cities. They were interested in knowing that it costs more to live in one city than

in another. This survey does bring out very definitely the wide range that exists between costs of living in different cities for an identical kind of living.

Senator McKELLAR. That figure costs every person in this country about 7 cents. On all these appropriations there is an increase asked, and it means a great deal.

QUESTION AS TO INCREASES FOR PRICES AND COST-OF-LIVING STUDIES

Senator BALL. On this one paragraph, these increases total \$129,000. We have covered this family budget, and the current check on prices accounts for \$69,000 of that increase.

It is \$60,000 in the technical assistance to States?

Mrs. WICKENS. No, sir; \$19,000. I will give you the detail of that, sir, and here is the copy for the chairman.

Senator KNOWLAND. I have it.

Senator BALL. Where is that?

Mr. FITZGERALD. It is on the first page. You will notice "Consumers' price indexes, \$208,000"; "Standard budget, \$27,000"; "Cooperation with States, \$19,000."

Senator BALL. Where is the rest of this, then? You have \$129,000 of increases.

Mr. FITZGERALD. You have some on the second page, too.

COOPERATION WITH STATES

Senator BALL. How much are we spending now in cooperation with States, and what States were setting up their own services?

Mrs. WICKENS. We are spending comparatively little and are doing it as a byproduct in spare time, frankly. The States that now have indexes for other cities than the ones we can hope to cover, and have worked with us, are Massachusetts, Pennsylvania, Michigan, Utah, and Louisiana. Other States have inquired about assistance from the Bureau in setting up consumers' price indexes in some of their cities, which we could never hope to cover, on a basis comparable to ours.

Senator BALL. That is a nonrecurring item; is it not?

Mrs. WICKENS. No. They want this as periodic assistance. If we change our weights, they want to change with us, or they want us to come once a year and go over what they have done. It is a continuing assistance of a technical kind.

It involves a few professional people, Senator, who are not tied down with day-to-day duties; who can go and give the States that kind of help.

QUESTION AS TO INCREASES FOR PRICES AND COST-OF-LIVING STUDIES

Senator BALL. I cannot decide yet how you get \$129,000 increase in the three items.

Mr. FITZGERALD. There is another item on the next page.

Senator BALL. That is listed separately. You say number of increases totals \$129,000.

Mr. CLAGUE. It is \$28,000 for the "Standard budget"; \$19,000 for "Cooperation with States," and \$39,000 for the "Consumers' price indexes."

Senator BALL. You said the \$81,904 was the total and you are spending this year \$40,000, so that is only \$42,000 increase.

Mr. FITZGERALD. You can see that \$129,000 is the total of positions, Senator. It really represents much more than the actual expenditures.

In other words, the positions for the consumers' price check total \$82,000, but many of them are on part time, so the net increase is only about \$39,000. In our text statement the \$129,000 represents positions.

When you list your actual positions it is \$129,000, but when you take out the lapse money it is reduced in that one project to \$39,000 from \$81,000.

NET INCREASE REQUESTED

Senator BALL. Even so, I do not understand it.

What is the total increase over what you are getting now that you are asking for these three items?

Mr. CLAGUE. Roughly, \$82,000.

In other words, we have it labeled there "positions," totaling \$129,000, but in the consumers' price check we use a lot of part-time people, so instead of it costing \$81,000 it will only cost us \$39,000.

When I put this in the write-up, I had to show the positions totaling \$129,000, but if you allow for lapses the total will be about \$82,000.

Senator BALL. What I have been trying to get is figures on what you are spending this year for these activities and what you are asking for in the budget for—not positions because I do not care about that, but what it is actually costing.

Mrs. WICKENS. May we add that up for you, sir?

Senator BALL. That is at least the way we want to look at this thing: How much you are spending this year for these activities, how much additional you want, and what can be cut out there.

Mrs. WICKENS. If we may, we will supply a break-down of costs, item by item.

Senator KNOWLAND. You can file the information with the committee.

(NOTE.—The information was submitted to the committee at a later date.)

LIMITATION ON AMOUNT FOR COST-OF-LIVING STUDY

Mr. CLAGUE. In the bill that is before you, as it was passed by the House, the Bureau is directed to "maintain the cost-of-living index" with a maximum amount of \$695,000 provided for the cost-of-living and price program.

This sum would not cover the present program, let alone any expansion.

Senator KNOWLAND. What would be involved without any extensions?

Mr. CLAGUE. It would be \$991,000.

Senator KNOWLAND. That is because of the increased salary scale?

Mr. CLAGUE. That is the amount, I believe, that is allowed in this year's appropriation.

Mr. FITZGERALD. It is \$991,000 in this appropriation, including Public Law 390 for salary increases.

Senator KNOWLAND. That would carry it on as is, with no extensions?

AMOUNT FOR COST-OF-LIVING STUDY IF BUREAU'S 1948 PROGRAM IS
ALLOWED

Mr. CLAGUE. If the Bureau's proposal for an enlarged 1948 program is to be undertaken, a minimum of \$1,379,000 will be required for the price and cost-of-living work.

Senator BALL. You will take into consideration the ones you want to add under this estimate?

Mr. CLAGUE. Yes, sir.

The next program is "Wage analysis."

WAGE ANALYSIS

AMOUNT REQUESTED

A second major program of the Bureau is in the field of wages, on which our direct costs are \$1,128,372 this year, and for which a total of \$1,550,261 is requested for the fiscal year 1948.

NATURE OF PROGRAM

Currently this program includes the industry-wage surveys; special purpose wage-rate studies, usually of a local character; the urban wage-rate index, which measures trends in wage rates; and the annual union wage-scale surveys published since 1907. This industry-wage surveys are the basic part of this program.

Senator McKELLAR. That is almost 50 percent, is it not?

Mr. CLAGUE. That is right; about 37 percent.

Before the war the Bureau undertook studies of occupational wage rates in a limited number of industries annually. The surveys were based upon field visits to about 3,000 establishments a year, which permitted only national or broad regional averages of occupational rates, with no local figures.

These data were used primarily for minimum wage purposes under the Fair Labor Standards and Public Contract Acts. For wage-control purposes during the war, however, they were much too limited and too infrequent. Accordingly, surveys of wages were greatly expanded as a basis for determination of wage brackets by the regional war labor boards and for use in handling special wage cases. The Bureau served the National War Labor Board as its fact-finding agency and, by the end of 1944, had surveyed 87,000 establishments in 130 industries in 400 localities.

PRINCIPAL USE OF OCCUPATIONAL WAGE-RATE INFORMATION

At the present time, the principal use of occupational wage-rate information is in private wage determinations by industry and labor in collective bargaining, and also for conciliation, mediation, and arbitration purposes. These negotiations are conducted in specific industries and localities. Foreseeing this need for occupational wage-rate data for use in local wage contracts after the war, the Congress in December 1944, provided additional funds amounting to \$727,000 for the last half of fiscal 1945, or at an annual rate of about \$1,450,000.

CURRENT AMOUNT FOR WAGE STUDIES

As a result of the over-all reductions in the Bureau's budget for fiscal 1946 and fiscal 1947, funds for wage studies were reduced to a level of \$1,128,000 currently.

This expenditure enables the Bureau to survey occupational wage rates in 24,000 establishments annually, and to provide tabulation of wage rates for individual occupations in industries for all cities over 100,000 population, as well as for regions and the country as a whole.

In 1946, the Bureau received 60,000 requests for this information, mostly from employers for local wage data in making wage agreements with their employees.

Senator BALL. That is annually?

Mr. CLAGUE. Yes, sir.

INCREASE REQUESTED FOR 1948

However, the current budget is only sufficient to cover the major manufacturing and nonmanufacturing industries about once every 4 years. For this reason, additional funds, with positions totaling \$391,401, are requested in order to make an abbreviated supplementary survey each year in the interim period between the 4-year comprehensive surveys.

This will keep the occupational wage-rate data up to date for major industries in all cities of 100,000 or more.

MAJOR COST OF PROGRAM

Here I might add this general point: The major cost in this program is in providing the local wage data for these cities of over 100,000.

That requires a larger number of establishments to be surveyed. We have to cover areas that otherwise would not be covered at all in merely making the national averages.

So the thing you are faced with here is the extent to which the Bureau should continue to produce local, city wage data.

PURPOSE OF ADDITIONAL FUNDS REQUESTED

The additional funds we are asking for are to make the supplementary annual surveys on key occupations, so that we will have wage data available in all major industries yearly. As we do them now, we do not have each industry every year. It might be as much as 4 years, or even longer, before we would get around to covering this same industry a second time.

However, we are supplying now the local wage data. We are tabulating these figures for the cities of over 100,000.

FREQUENCY OF COVERING MAJOR INDUSTRIES

Senator BALL. You come around to each major industry once every 4 years?

Mrs. WICKENS. We sometimes try to approximate what has happened in the interval.

Senator BALL. You do make an estimate of what the change in the level has been in the years since the survey was made?

Mrs. WICKENS. We do it on the basis of general wage increases and quick surveys. At present we are not able to make adjustments for general wage changes on a systematic basis. We do make such adjustments in the case of an urgent need, usually for information for an industry in a local community.

After all, before the war these wage rates changed comparatively slowly. Now they change more rapidly and the wage structure also has changed.

We also do some brief local surveys, or "quickies," in order to get specific information on specific disputes.

Senator BALL. Is there any tendency on the part of labor organizations, and the chamber of commerce in different cities to get together and make their own surveys?

Mrs. WICKENS. No.

QUESTION AS TO REIMBURSEMENT FOR WAGE SURVEYS

Senator BALL. You have seen no indication that they might reimburse the Bureau of Labor Statistics for these surveys when they want them?

Mrs. WICKENS. I do not believe we have had any requests for wage rate surveys on a reimbursable basis.

COSTS OF STUDIES

Senator BALL. You say you are doing it now every 4 years, or 5 years, and then go in on a supplemental survey on a given city and bring it up to date, a city of half a million; how much would it cost you in a major industry?

Mrs. WICKENS. I would like to check that if I may. I do not have the figures in mind clearly.

(The matter referred to follows:)

A recent wage study of the relatively large machinery industry, initiated in October 1946 (now in process of completion), will cost approximately \$62,400. From this survey 35 locality studies have been published and approximately 26 additional ones are nearing completion.

Thus the average cost of the original basic study for a locality approximates \$1,000. The 1948 budget proposed in part that locality data for important or major industries surveyed in a complete fashion every 4 years be brought up to date annually in intermediate years. This the Bureau believes can be accomplished by the adoption of a shortened procedure but one which is satisfactory over periods during which wage structures do not change basically. The new procedure was devised to effect economies in the preparation of wage data, and it is estimated that such shortened studies can be prepared at approximately 20 percent of the cost of the full basic study. This means that the bringing up to date of locality studies in machinery is estimated to cost approximately \$200 per locality study.

QUESTION AS TO REIMBURSEMENT FOR WAGE STUDIES

Senator BALL. I just wondered if it were not possible to let these people pay for it themselves.

Mr. CLAGUE. Such information as we have been able to get from the

public indicates that the demand for this local data comes very largely from local unions and small employers.

They are the ones perhaps least able to pay for it. I know that the American Federation of Labor is very anxious to have continuation of this local material by cities because they negotiate a lot of their contracts on that basis. Many of the letters we have received are from small employers indicating they need the material for these local areas.

I think the local chambers of commerce also are pressing for this. Whether they could pay for it or not I do not know, but so far we have not charged for it. It is available to everyone insofar as we have it.

Senator BALL. I was thinking, if you had the basic materials from a comprehensive survey available, I should think a trained statistician could go into a community or perhaps do it by mail. He would know the establishments there and get a quick survey of what the average increase has been and give them that figure.

I should not think it would be terribly expensive. It would be a matter of just mimeographing the forms and sending them out.

Why should that not be paid for by the industry concerned?

Mrs. WICKENS. We really have not tried to develop that kind of business.

Senator BALL. If they want it badly enough they will pay for it.

Mrs. WICKENS. It would limit very much the scope in which the Bureau could operate, of course.

Mr. CLAGUE. Did I understand Senator Ball to mean that if we were to carry on this kind of program we could recoup some of it by charging for certain tabulations?

Senator BALL. You say the main demand for this, and the purpose of it, is to service industry and labor. I would say all right, for us to do the basic survey of an industry, perhaps no more often than 5 or 10 years, then when you get a request from a given community for an industry, they are having their negotiations, to go in and bring it up to date. As a matter of fact, you probably keep it pretty well up to date over the country, and I do not see why they should not pay for it.

Mr. CLAGUE. I think the answer is, some of them undoubtedly could. Perhaps the larger unions and employers could pay for it. Certainly the smaller ones could not pay for it.

(The following statement was subsequently furnished:)

However, our experience indicates clearly that this procedure would not be feasible in the vast majority of situations. The request for information, as a rule, is made by either the employer or the union rather than by both jointly; we would not want to be in the position of accepting money from either a union or a company for collecting wage data unless both parties were in agreement on the need for the survey. Moreover, in the more important industries it is highly desirable to have a systematic program so that wage information is available at once when it is requested by either side for use in collective bargaining. Such a program would also provide current information on wages for various public purposes.

Senator BALL. The information would be published once the larger industries got it.

Does your basic law permit you to do that sort of thing?

Mr. CLAGUE. Yes; I think it does.

Senator BALL. You could accept the funds from a local group and go in and make the survey without any additional authority?

Mrs. WICKENS. Yes, sir.

Mr. CLAGUE. The next item is "Employment statistics."

EMPLOYMENT STATISTICS

INCREASE REQUESTED

The third basic program of the Bureau is that of employment statistics, for which our direct costs currently amount to approximately \$1,000,000. The only additional request is an item, positions totaling \$29,914, for technical research to improve the statistical reliability of the work.

NATURE OF STUDIES

The end products of this program include the monthly figures on employment, pay rolls, hours, average weekly and hourly earnings, and accession and separation rates, by major industry groups.

Before and during the war these monthly trend figures provided only national totals and averages by industry groups. The increase in appropriations for employment statistics came as a result of the initiation of the State programs, for which the reconversion statistics bill provided, in December 1944, funds amounting to \$435,000 for the balance of the fiscal year 1945, or at an annual rate of about \$870,000.

MONTHLY EMPLOYMENT FIGURES

The Bureau now compiles monthly employment figures for all non-agricultural establishments and for all leading industries in each of the 48 States. This is done in cooperation with State agencies in 26 of the States.

BUREAU TABULATES MATERIAL IN 22 STATES

In the other 22 we tabulate the material ourselves.

On the national employment statistics program the Bureau now publishes 60 percent more series than in 1941, including new series on employment of women in manufacturing, has improved the quality of the statistical product substantially and has speeded up the release of the information.

Monthly figures on employment have long provided what is probably the most important single index of the Nation's economic health. Inquiries to the users of our statistics give these National and State figures highest priority.

STATE EMPLOYMENT STATISTICS PROGRAM

The introduction of the State employment statistics program is the explanation of the increase in funds in this part of the Bureau's work. Currently it requires about \$400,000, annually as compared with the original appropriation rate of \$870,000. This program assures comparability between the reports of the various States. It provides the best clue as to where economic trouble spots may be developing, and provides it quickly. Marketing men say that is the

most timely kind of information they can get in planning their sales programs.

I wish to emphasize that these State employment figures are developed jointly with State agencies under a cooperative arrangement that has drawn high praise from State officials.

Every State knows that it is expected to assume basic responsibility for its State employment figures; but it depends on the Bureau for technical assistance and for the maintenance of uniform standards.

REASONS FOR 22 STATES NOT COOPERATING

Senator BALL. Why are there 22 States that do not cooperate? Do they not all have unemployment compensation laws which in effect collect the basic statistics on that?

Mr. CLAGUE. That is right. The State unemployment-compensation agencies collect certain reports on employment from the employers, but they collect them once a quarter, and it takes about 2 months to process them, so they come out about 6 months after the beginning of the period. Moreover, they are not complete for all industries, since such industries as Government service, railroads, and the small employers are not covered. The Bureau has prepared totals for all kinds of industries and set up fast sample reports for all industries.

Senator BALL. I understand that, but what about the 22 where you have to do all the work?

Mr. CLAGUE. The Interstate Conference of Employment Security Agencies has a research committee that works on this problem. The Bureau of Labor Statistics stands ready to make a contract with any of those 22 that is ready to take up their part on this load.

The States are coming in steadily—that is, one State after another is signing up in this program—but there are 22 who have not got around to it yet.

Senator BALL. Does it reduce the cost quite a bit to you, the Federal Government, if the States are cooperating and drawing this material currently from their unemployment-compensation records?

Mr. CLAGUE. In the long run; yes. That is the advantage of this tie-up, but many of the States request and need continuing technical assistance from the Bureau.

Mrs. WICKENS. This is a fairly new program, and there has not been time to develop it fully.

Mr. CLAGUE. It has only been going 1½ years, and some of these States have not gotten around to come in with us; in fact, some of them do not have suitable staff to permit them to meet our technical standards.

Senator KNOWLAND. Have you communicated with each of the States?

Mr. CLAGUE. Yes, we have; and we are working very closely with the interstate conferences of the administrators, who are as willing as we are to help.

Senator BALL. I do not see why it should cost the Washington Bureau so very much to get the information when the States are cooperating. I know the division of Minnesota publishes more or less very complete figures on employment in the State, by industries, and I would assume they mail that to you and that is what you have.

I do not know where you could spend \$400,000 on that kind of a program.

Senator KNOWLAND. I think that is also true in California. They put out figures on employment as well as unemployment.

Senator BALL. Why do we not get some figures from you on what it costs to handle this kind of reporting in the States that do that kind of job in cooperation with you?

If the States do not want to cooperate, that is all right, too.

Senator McKELLAR. Does Tennessee cooperate with you?

Mr. CLAGUE. Tennessee is still in the list of 22, but they are working around to coming into it. They are interested in this and are now discussing it with us. They have not yet signed a contract, but I believe they intend to do so.

STATE AGENCIES COOPERATING WITH THE BUREAU OF LABOR STATISTICS IN STATE EMPLOYMENT STATISTICS PROGRAM

In States cooperating with the Bureau of Labor Statistics, the cooperating agency is in some cases the unemployment-compensation agency and in others the department of labor or the State university. The list is shown below:

Arizona: Unemployment compensation division, employment security commission.

Arkansas: Department of labor.

California: Division of labor statistics and research.

Connecticut: Employment security division.

Delaware:¹ Federal Reserve Bank of Philadelphia.

Florida: Unemployment compensation division, Florida Industrial Commission.

Illinois: Department of labor, division of statistics and research.

Indiana: Employment security division.

Kansas: Kansas State Labor Department.

Louisiana: Bureau of business research, College of Commerce, Louisiana State University.

Maryland: Department of labor and industry.

Massachusetts: Department of labor and industries.

Michigan: Department of labor and industry.

Minnesota: Division of employment and security.

Montana: Unemployment Compensation Commission of Montana.

Nevada: Employment security department.

New Jersey: Department of labor.

New York: Division of research, statistics, and publications, New York State Department of Labor.

North Carolina: North Carolina Department of Labor.

Oklahoma: Oklahoma Employment Security Commission.

Pennsylvania: Federal Reserve Bank of Philadelphia; department of labor and industry; bureau of research and information (2 contracts).

Rhode Island: Department of labor, division of census and statistics.

Texas: Bureau of business research, University of Texas.

Utah: Department of employment security.

Virginia: Division of research and statistics, State department of labor and industry.

Washington: Office of unemployment compensation and placement.

Wisconsin: Industrial Commission of Wisconsin.

In the following States the Bureau of Labor Statistics itself compiles State statistics on employment. There is no cooperating State agency. The Bureau is willing to make contracts with these State

¹ For manufacturing industries only.

agencies as soon as they are equipped to handle the work and can meet the standards jointly agreed upon by the Bureau of Labor Statistics and the Bureau of Employment Security: Alabama, Colorado, Delaware, Georgia, Idaho, Iowa, Kentucky, Maine, Mississippi, Missouri, Nebraska, New Hampshire, New Mexico, North Dakota, Ohio, Oregon, South Carolina, South Dakota, Tennessee, Vermont, West Virginia, Wyoming.

You mentioned the arrangement in Minnesota, which we think is the best arrangement in the country.

In Minnesota, California, as well as in other contract States, the State administrators request that the Bureau place BLS trained personnel to work directly with them on this program. Thus, we have two BLS persons in the Minnesota office and three in the California office. In addition, over-all technical assistance on the problems common to all States requires, on the average, about two more employees per State. Thus the total BLS participation costs about \$12,000 in Minnesota and in California \$15,000. These are of course large industrial States. In the smaller States the cost is less, with the average being around \$8,000.

In the long run, these costs will be reduced if the States come in on it and we work out this cooperative arrangement.

Senator BALL. If we reduce the appropriation the only way they will get it is to come in and do it; is that not right?

Mr. CLAGUE. That is right.

The use of State employment statistics, however, is seriously impaired if the data for a number of States are missing. Business concerns who are interested in marketing need data for all States. Further, if the employment estimates for the noncontract States are discontinued, the large investment already made will be lost. As soon as a contract is signed with a State agency, all the past records and data are turned over to the State agency and there will be no interruption in the flow of these estimates.

CONSTRUCTION STATISTICS

COST DURING CURRENT YEAR

The direct costs for work on construction statistics, including construction employment, during the current year are about \$750,000. No increase is requested for 1948.

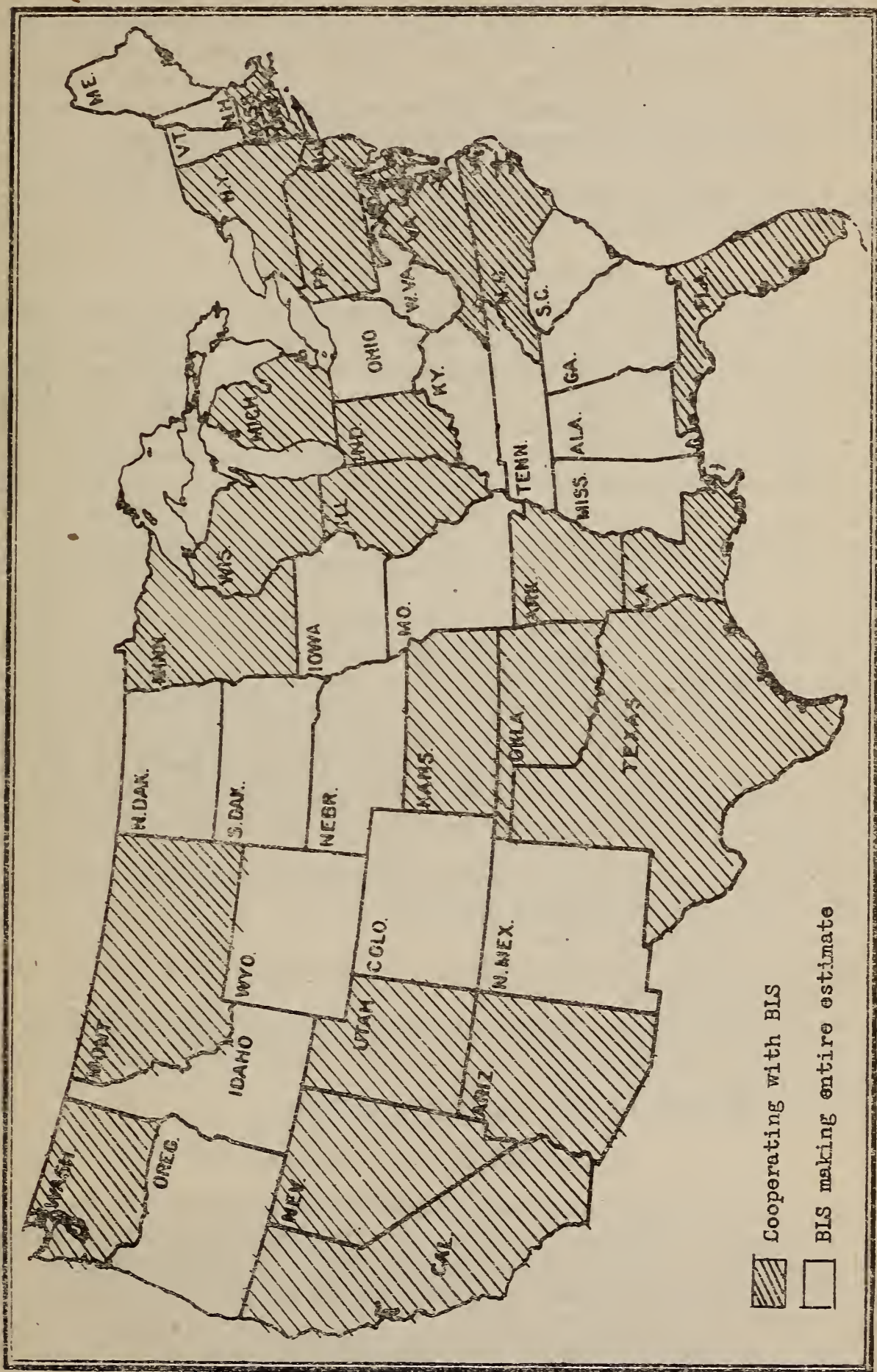
HOUSING STATISTICS

This program places great emphasis on housing statistics, which are of utmost importance at the present time. It includes monthly national estimates of the number of nonfarm dwelling units started and of the value of nonfarm housing.

RESIDENTIAL BUILDING

Local data are also provided monthly on residential building for 59 metropolitan districts and cities, showing the number of dwelling units started, the characteristics of housing built, and construction costs. Statistics are also published on Federal construction activities and total estimated construction expenditures. Special studies show labor requirements for various types of building.

BUREAU OF LABOR STATISTICS EMPLOYMENT STATISTICS PROGRAM—STATE AGENCIES
COOPERATING WITH THE BUREAU OF LABOR STATISTICS



CONSTRUCTION STATISTICS DATE BACK TO 1920

The regular activities of the Bureau in collecting construction statistics date back to 1920. Before the war they involved principally the compilation of building-permit reports from localities throughout the country and the collection of data on Federal construction activity.

These reports were inadequate for estimating the total volume of the Nation's building, first, because little or no information was available on building outside the permit-issuing areas; and second, because it was not known how many permits were actually used or how much the permits understated the actual construction.

NEED FOR CONSTRUCTION STATISTICS

It is only in the past year that information of this kind has been obtained. It is more vital now than ever before, because so many houses are being built in the suburban areas where permits are often not required, and new methods of collecting statistics must be devised.

I might interrupt there to say that that is the costly element. In the city proper the local building permit records are generally available, but in the suburban areas there are frequently no permit data, and the only way you can get that material is to go out there with a local collector of statistics and visit the site of construction to get the information on the kind of house being built, the cost of it, and so forth.

It was to expand and develop adequate statistics on total building in the Nation that we entered into this field.

Senator McKELLAR. During the war and up to some time after the war you could not build a house. You could not build a chicken house on a farm unless you got permission from the Government. I know; I tried to get it. A man wanted to build a room 7 feet by 9 feet, I believe, and make a kitchen out of it. He was way out in the country in Tennessee, and he was quite put out with me because I could not help him.

They had to get statistics to get the permit from the Government.

Mrs. WICKENS. Was that a priority?

Senator McKELLAR. Yes.

Mrs. WICKENS. We were referring to permits issued by the local building authorities.

Senator McKELLAR. You have to get authority to build anything.

Mrs. WICKENS. It must be much tighter in your part of the world than in ours.

Senator McKELLAR. It has been very difficult.

REPORTS ISSUED FOR 59 LOCALITIES

Mr. CLAGUE. Housing is essentially a local problem, yet the only data hitherto available by localities have been building permits, which are incomplete. As already indicated, reports on kinds and value of new houses being built are now issued by the Bureau for 59 localities, most of them metropolitan areas.

The construction industry itself and the suppliers of construction materials, as well as organized labor in the building trades, make constant use of this information, both nationally and locally.

HOW INFORMATION IS GATHERED

Senator BALL. Do I understand you collect this building information through an interviewer on the spot? I have gotten so many protests from contractors back home that they have been sent long forms to fill out, which I gathered they did not pay much attention to, and return to the Bureau of Labor Statistics. They were printed forms. It was on construction activity, the one I got, but that is not the way you do it?

Mrs. WICKENS. There is a form on volume of employment which we have used for many years.

Senator BALL. You use that once a year?

Mrs. WICKENS. Monthly; to get the approximate number of people engaged in certain types of work.

It is quite likely that the schedule to which you refer pertains to employment on a federally financed construction project. The firms having these contracts are required by the contract terms to furnish employment reports to the Bureau of Labor Statistics.

Senator BALL. I was wondering what percentage of your statistics do you collect by sending forms to concerns and asking them to fill it out, rather than the personal interview?

Mrs. WICKENS. It depends on the nature of the program. I cannot give you an over-all percentage. In employment, almost all of it comes by mail. Practically none of it is by personal interview.

Wage rates by occupations we collect by personal visit because employers use different labels for the same occupations in different plants. We have to do that. Prices at wholesale we collect by mail; they are standardized articles and well-defined. Consumers' goods prices we obtain by actual visits to stores, by looking at the merchandise and getting prices from tickets on the spot.

The building permits come in from the local permit officials. All the information that we get from industry, as you know, is voluntary, as we have no power to compel them to report and do not want it.

Mr. CLAGUE. These are the four largest programs of the Bureau. There have also been increases in other programs that I will review briefly.

PRINCIPAL SERVICES COVERED BY INDUSTRIAL-RELATIONS PROGRAM

The direct costs for the industrial-relations program amount to \$267,300 currently. Here the principal services are to compile monthly statistics of work stoppages in industrial disputes and to maintain and analyze a file of collective agreements obtained voluntarily from business firms and labor unions.

ANALYSIS OF COLLECTIVE-BARGAINING AGREEMENTS

The provisions of these agreements are analyzed by industry, and by such provisions as seniority, cost of living, vacations with pay, incentive wages, and so forth, for use in connection with wage and other negotiations. Over 300 requests are answered each month on these agreements. A majority of these requests come from employers.

EXPANSION OF WORK AFTER WAR

The Bureau's budget for this work remained practically unchanged during the war. In December 1945 the Bureau requested additional funds to expand its work in this field, and obtained a supplementary appropriation from the Congress to meet the greatly increased demands arising from the return to free collective bargaining following the end of wage controls.

INITIATION OF MACHINE TABULATION OF COLLECTIVE-BARGAINING AGREEMENTS

Additional funds are requested for 1948 for two purposes. The first proposal, with positions totaling \$35,910, is to initiate machine tabulation of collective-bargaining agreements in order to expedite the service that can be provided to industry and labor when they are engaged in contract negotiations.

STUDIES OF LABOR-MANAGEMENT PRACTICES

The other proposal, with positions totaling \$22,002, is to provide for studies in a number of selected establishments to determine the kind of labor-management practices that make for successful industrial relations.

We have received many letters from small businessmen, industrial-relations directors, labor-union officials, mediators, and arbitrators emphasizing the value of this service to them and indicating that it is not available to them from any other source.

BENEFITS TO BE DERIVED BY EMPLOYERS AND UNION FROM STUDY OF AGREEMENTS

Senator BALL. Would you not say that that is getting a little out of your field of just finding facts? It is a matter of judgment pretty much, is it not?

Mr. CLAGUE. Well, not exactly, Senator. It is like this: If employers or unions write in to us, we can tell them what kind of clauses are in various types of contracts.

Senator BALL. You can tell them what is in existing contracts?

Mr. CLAGUE. That is right. On the other hand, we may not know about a particular clause. Suppose it is a new one. We may not know how this has actually worked out in practice.

Our going out to study the operations of some of these clauses would not be because we were going to promote any of these kinds of clauses, but solely to be able to say, "This provision is not working well. Here is another clause that, as far as we can see, is working well."

I suppose it would be a matter of judgment in determining whether it was working well or not. But this would be the judgment of the employer and the union in the plant. They would tell us what they thought of that particular clause, and how it works out in practice to establish industrial peace.

Senator BALL. It seems to me it is getting a little far afield from the proper functions, as I do think it is very much a matter of judgment.

I think collecting information and having a file of agreements that are furnished to you voluntarily is all very good.

SOURCE OF STRIKE AND LOCK-OUT DATA

Where do you get your strike and lock-out data?

Mr. CLAGUE. We get the final data from the employers and unions directly. Through the clipping service of the Government Reports Office, we follow the newspapers very closely, and as soon as we get an indication of a strike or lock-out we sent out an approved questionnaire and try to collect the information from the employer and the union. Also, the commissioners in the Conciliation Service notify us of any work stoppage going on in their territory. In fact, we pick up the clues of strikes wherever we can find them.

PRODUCTIVITY AND TECHNOLOGICAL DEVELOPMENTS PROGRAM

This program, with direct costs of \$222,198 currently, includes the preparation of indexes of productivity and unit labor costs in major manufacturing and nonmanufacturing industries, direct reports from selected establishments on changes in labor requirements, and digests of current technological developments.

Productivity studies have been undertaken by the Bureau from time to time since its inception in 1884. In 1940 this work was regularized and put on a continuing basis by the joint resolution of June 7, 1940, in which the Congress authorized and directed the Bureau "to make continuing studies of productivity and labor costs."

Because, with the end of the war, productivity was certain to be a vital economic issue in connection with wages, prices, and employment, and a major consideration in labor-management relations, the Bureau of Labor Statistics requested and received additional funds for a new series of reports on changes in productivity within industries for which no data were available.

NUMBER OF PRODUCTIVITY STUDIES MADE IN PAST YEAR

Fifteen such studies have been made in the past year and a half, and a number of these are now under careful review by the industries reporting the data. There is general agreement among the organizations which we have consulted that the work now in process should be continued.

ADDITIONAL FUNDS REQUESTED FOR STUDIES

For fiscal year 1948 additional funds, with positions totaling \$97,965, are requested to make it possible to cover more industries.

In preparing the regular indexes which we publish, we compare the output of an industry with the number of man-hours used by the industry; we thus show year by year the increase in output per man-hour. In our manufacturing industries, this has averaged about 3 percent per year cumulatively. That is the normal rate of increase for this economy.

Our weakness is that we do not have data for certain types of industries, especially those producing durable goods, where it is difficult

to get production information from secondary material. For example, in most of the machinery industries, there is no regular collection of usable production data by the Commerce Department or by any other organization.

That is what we mean by direct reports. We send our people out to the industries and work directly with them. We work with the employer to find out the relation between output and use of manpower in his plant, and from the experience of a number of plants get a productivity ratio which is not otherwise available in that industry.

Senator BALL. You say you have made 15 of those this year?

Mr. CLAGUE. Yes.

Senator BALL. Have you copies of those studies?

Mr. CLAGUE. They are not published yet. They are under review by the industries themselves that have supplied the material. I have some that I could send you.

Senator BALL. You measured the unit output and the volume of output?

Mr. CLAGUE. Yes, sir.

Senator BALL. How about this digest of technological developments. Do you have one of those? I would like to see what kind of material that is.

Mr. CLAGUE. I do not have it here but I could send it to you.

A compilation of all of the summaries for 1942 and 1943—first issue, January 1942—was published as Monograph No. 2 in May 1945 by the Subcommittee on War Mobilization of the Committee on Military Affairs, Senate, Seventy-ninth Congress, first session. A compilation of all summaries for 1944 was issued as a supplement to this monograph in September 1945.

Senator BALL. I would like to see it.

AMOUNT TO BE ALLOCATED TO DIGEST OF TECHNOLOGICAL DEVELOPMENTS

On your distribution of funds here, how much is on this digest of technological developments?

Mrs. WICKENS. About \$12,000, as I recall. About half of this amount would be incurred anyway in connection with the other work on productivity. The balance represents the amount necessary to make the results of this work available to others.

Mr. CLAGUE. We next have "Occupational outlook."

OCCUPATIONAL OUTLOOK

The current costs for this program are \$136,416, with no increase requested for the next fiscal year. This program includes the Bureau's studies of the long-range outlook for employment in various occupations and industries. These studies are used for vocational counseling purposes in the schools and in veterans' placement centers in advertising veterans and young people who invest years of time in training for an occupation.

The program also includes analysis of developments affecting the labor force and employment and the outlook for employment.

In 1938 the President's Advisory Committee on Education recommended the establishment of an Occupational Outlook Service in the Bureau of Labor Statistics in order to provide individuals with

a broad, objective, and factual basis for making the choice of an occupation and deciding upon the kind of training to pursue.

Throughout the war period, when attention was centered on war manpower requirements and labor supply to meet the needs of wartime economy, rather than on specific occupations, there was no growth in the size of the staff engaged in this work.

As the end of the war approached, the problem of studying employment opportunities for the demobilized veteran as well as the war worker became paramount and the Division focused its attention on its occupational outlook studies.

NUMBER OF REPORTS PREPARED

To date the Occupational Outlook Division has prepared reports on the outlook for employment in about 185 occupations specifically designed for the guidance of ex-servicemen taking training and education under Public Laws 16 and 346, Seventy-eighth Congress, financed in part from funds transferred from the Veterans' Administration. In addition, it has prepared comprehensive reports on employment opportunities in about 70 occupations designed for use by high-school and college counselors.

AMOUNT OF TRANSFERRED FUNDS FROM VETERANS' ADMINISTRATION

Senator KNOWLAND. How much is financed in part by the Veterans' Administration?

Mr. CLAGUE. This is our cost, \$136,000. They transfer additional funds to us for short summaries of occupational outlook. They compile it in a manual which they have sent out to the local veterans' counselors.

Senator KNOWLAND. How much do they supply?

Mr. CLAGUE. It is estimated to be about \$50,000 this year.

Senator BALL. That is just for editing and publishing this summary?

Mr. CLAGUE. We do the basic work.

Senator BALL. Could you furnish the committee with some of these occupational outlook studies?

Mr. CLAGUE. Yes.

Senator BALL. Is that something that shows the trend of employment in industry or is it again a question of judgment as to future opportunity?

SOURCE OF INFORMATION ON WHICH REPORTS ARE BASED

Mr. CLAGUE. There is some judgment in it, but I would like to explain that it draws very heavily on the judgment of the people in the industries. These studies are made after consultations with the employers in the industries where the occupation is, also with the unions. We try to take stock of technological developments that we know about in the other parts of the Bureau, and on the basis of all the information we can gather we draw up what seems to us to be a reasonable summary of outlook. We then clear that back with the people involved in the industry who know it well and get their criticism and comment. Finally, after that, we publish it.

TRENDS IN CERTAIN INDUSTRIES—EXPRESSION OF JUDGMENT

Senator BALL. I would say your trend would be pretty valuable in a long-established industry, perhaps. You can tell when they are on a long-range down trend and up trend, but how you could predict what the opportunities are going to be in aviation or electronics or television or one of those fields, it seems to me it is entirely a question of judgment.

OCCUPATIONAL REPORT ON AVIATION

Mr. CLAGUE. For instance in aviation, which is one of the pamphlets we have put out, one of the things that was brought out was the small number of opportunities that were likely to be available at any time that could be foreseen.

People came back from the war with the impression that there would be a tremendous expansion. Many servicemen wanted to go into that industry. Our study simply indicated that the outlook would be very limited for a long while to come.

Obviously, we may get a change that could alter that.

Senator BALL. It is like the early days of the automobile. That was never going to provide substantial opportunities. It was in the background for 10 or 15 years before industry generally began to think it would offer an opportunity.

Mr. CLAGUE. We try to paint the long-range outlook.

Senator BALL. Again, it is getting away from the function of the Bureau to collect facts and is passing judgment on the fact, is it not?

Mr. CLAGUE. I certainly must say that there is an element of judgment. You have to weigh and evaluate. You get contradictory facts. One person thinks one thing and another person thinks something else.

We must figure what is the outlook from the information we have at the moment.

VALUE OF REPORTS TO VOCATIONAL COUNSELORS

Mrs. WICKENS. This is of very great value to the vocational counselors because it does give information about the numbers of such positions, the types of applicants and types of training and so on.

These studies are among our best sellers. In fact, I think they are our best sellers now, because no one else is doing this kind of thing. We try to stick to facts very closely.

Senator KNOWLAND. You are going to supply us with samples of that?

Mr. CLAGUE. Yes.

This is strongly supported by a resolution passed by the conference of the National Vocational Guidance Association at its recent annual meeting in Columbus, Ohio, on March 29–31, 1947.

INDUSTRIAL HAZARDS PROGRAM

This program is conducted currently at a cost of \$82,025. It includes the preparation of quarterly statistics on industrial injury rates; annual statistics on industrial accidents; two studies a year on

accident causes in industries with bad injury records, which are used in safety campaigns; and technical assistance to the State agencies on accident statistics.

QUARTERLY COLLECTION OF MONTHLY INDUSTRIAL INJURY RATES IN 12,000 PLANTS

Very little work was done in this field before the war except for an annual survey of industrial accidents. Since that time the annual survey has been supplemented by quarterly collection of monthly industrial injury rates in 12,000 establishments.

These more frequent reports were begun at the request of public and private agencies concerned with safety, to provide more nearly current information as a guide to trend of accidents in a period of rapid industrial change. Coverage of the annual surveys has been expanded from 115 to 180 industries, and from 24,000 to 58,000 establishments, and the time between collection and publication of the national estimates was reduced from 8 months to 1 month.

SOURCE OF INFORMATION USED AS BASIS OF REPORTS

Senator KNOWLAND. Do you make use of the industrial accident commissions in the States and local sources?

Where do you get your information?

Mr. CLAGUE. It comes mostly from the employers. The employers send us a report on accidents that occur in their industries. We collect man-hours from them, too, because we have to relate the accidents to the hours of exposure to obtain the injury rates for industries.

Mrs. WICKENS. There are certain States where we operate jointly with the State labor departments and industrial commissions. We have been careful to avoid any duplication. We have been eager to extend that cooperative arrangement to other States; and this is one of our proposed increases.

For instance, we have used the Pennsylvania reports for a long time.

Senator BALL. Have you available for the committee your last annual study on accidents?

Mrs. WICKENS. I can give you the last quarterly one.

AMOUNT OF ADDITIONAL FUNDS REQUESTED

Mr. CLAGUE. In the budget proposal for 1948, additional funds are requested to increase the number of accident cause studies from two industries per year to four industries per year, positions totaling \$19,993; to initiate studies on the coverage and benefit limitations of State workmen's compensation, as a service requested by State agencies, positions totaling \$15,646, and to provide additional technical services to the States to assist them in developing their own accident statistics, positions totaling \$13,978.

USE OF REPORTS BY SAFETY ENGINEERS

Safety engineers make extensive use of these reports in safety campaigns in their own industries and there is ample evidence that accident

rates have been reduced in the industries in which the Bureau has made special studies.

STUDIES OF FOREIGN LABOR CONDITIONS

The direct cost of this work in the Bureau for the current year is \$87,709. Additional funds, positions totaling \$86,186 are requested for fiscal year 1948.

This staff collects, analyzes, and reports on information on foreign labor conditions and policies, on wages, prices, productivity, employment, and cost of living in foreign countries as they affect various interests in the United States and represents the Department of Labor on interagency committees and United States delegations to international organizations.

USE OF INCREASED FUNDS REQUESTED

The increase in funds requested is for expanded work to meet the needs of the Department of Labor in its enlarged responsibilities in the foreign labor field.

At the present time the foreign labor staff covers only part of the areas which are of special concern to this country. At the present time, eastern Europe, the Middle and Far East and the non-self-governing territories are not covered.

The new program will not permit complete coverage of foreign countries, but will meet the most urgent requirements. It would enable the staff to provide data on comparative labor and living costs, much needed by business and labor groups in connection with our foreign trade program, and other matters of foreign and domestic policy.

STUDIES DO NOT DUPLICATE WORK OF OTHER DEPARTMENTS

Senator KNOWLAND. Is there any duplication anywhere along the line in what you are doing here and the State Department, or the Tariff Commission, or any other agency of the Government?

Mr. CLAGUE. We do not believe so. We review the reports of the labor attachés, who are attached to the Foreign Service Board, and send periodic instructions to them. It is from their reports that we get most of our information to make available to labor and management and the Department itself.

Senator KNOWLAND. There is no duplication with the Department of Commerce and the material they get in this field?

Mr. CLAGUE. Not so far as we know.

Mrs. WICKENS. As a matter of fact, we checked that at the request of the House committee and obtained statements from those departments with reference to their work in the fields of labor where we specialize. That is in the House record.

DEMAND FOR REPORTS COMES FROM CONCERNS INTERESTED IN FOREIGN BUSINESS

Senator McKELLAR. Where does the demand for that type of information come from?

Mrs. WICKENS. A great part of it is from business firms, Senator, with overseas business, such as the air lines and the exporters who are much interested in foreign labor conditions and the comparative costs of living and comparative wages in the various parts of the world.

with which they are trying to resume trade. There is also a considerable demand from manufacturers who are concerned with the labor costs of their foreign competitors who are beginning to ship goods into our markets.

I should say the bulk of it came either from the Government groups who must be briefed for conferences of an international character or business organizations.

There is naturally much interest on the part of labor organizations with reference to collective bargaining practices and other labor relations abroad.

Mr. CLAGUE. Our next item is "Other increases."

OTHER INCREASES

In addition, there are increases for several small items and for nonlabor expenses. If the requested items are restored to the Bureau's salaries and expenses appropriation, the following amounts, representing comparable nonlabor requirements, should be restored in the specified departmental appropriations:

INCREASES IN CONTINGENT AND OTHER EXPENSES

Contingent expenses, \$22,000; traveling expenses, \$428,650; printing and binding, \$13,000; and penalty mail, \$5,000.

The nonlabor increases are almost entirely in connection with the new projects which I have outlined. The increase for the penalty mail item is to cover in part the increase in rate from \$15 to \$18.60 per thousand.

TRAVELING EXPENSES

Senator McKELLAR. That is a lot of travel. You say it is \$428,000? Is that not a tremendous lot of travel?

Mr. FITZGERALD. The travel item is in connection with these new projects and they are projects that do require travel. It is the collection of wage information in the field, the collection of price data in the field, so that they do require considerable travel.

Senator McKELLAR. That is considerable travel.

EFFECT OF REDUCTION MADE BY HOUSE

Mr. CLAGUE. Finally, I wish to summarize briefly the curtailments in the present work of the Bureau of Labor Statistics that would result from the reduction in the appropriation to about 60 percent as voted by the House on March 25. I want to be as precise as possible, although until there has been more time in which to consult the principal users of the Bureau's services, the suggestions for curtailment are necessarily tentative. I do wish to say, however, that I am convinced that these suggested curtailments are on the conservative side. I will outline only the major program items.

DISCONTINUANCE OF MONTHLY CONSUMER PRICE INDEXES

1. Discontinuance of all monthly consumer price indexes, so that only quarterly indexes would be available; reduction in the number of cities for which retail food prices are obtained from 56 to 34.

I should have explained in listing the number of cities that we have full cost-of-living indexes, either quarterly or monthly, in 34

and 39 if we include the five where we do it twice a year. There are 56 cities where we gather information on food prices, regardless of the fact that in 22 of those we do not collect any other cost items.

The elimination of the daily index of 28 commodities; possible discontinuance of the weekly wholesale price index; and reduction of the number of items for which prices are obtained and in the commodity groups for which indexes are prepared.

DISCONTINUANCE OF OCCUPATIONAL WAGE-RATE INFORMATION

2. Discontinuance of virtually all local occupational wage-rate information for use by local firms and unions in collective bargaining and provision only for national summaries; reduction by at least two-thirds of the number of business firms surveyed for wage data, with major industry surveys only at long intervals. It will be impossible to keep wage-rate information up to date under such a program. This is particularly serious for small local businesses and unions that do not have research departments of their own.

DISCONTINUANCE OF EMPLOYMENT STATISTICS

3. Discontinuance of all Bureau work on State and local employment statistics with the consequent loss of information that is comparable between the States on employment and pay rolls for leading industries; the complete elimination of State data for the 22 States now being compiled by the Bureau.

This means the loss of 2 years of developmental work which would have to be done over again in the event of a depression when employment information by States would be of the utmost importance as a guide to State and national programs for the reduction of unemployment.

DISCONTINUANCE OF LOCAL HOUSING AND CONSTRUCTION INFORMATION

4. Discontinuance of virtually all local housing and construction information; specifically, the elimination of all monthly information on the number and characteristics of dwelling units started and completed in local areas. This reduction would impair the validity of national total estimates of housing and other construction.

SUBSTANTIAL REDUCTION IN ANALYSIS OF COLLECTIVE-BARGAINING AGREEMENTS

5. Substantial reduction in service to industry and labor on provisions in collective-bargaining agreements.

DISCONTINUANCE OF QUARTERLY STATISTICS ON INDUSTRIAL ACCIDENTS

6. Discontinuance of quarterly statistics on industrial accidents and return to annual reports; reduction to one study per year of the causes of accidents in high-accident-rate industries.

DISCONTINUANCE OF REPORTS OF INDUSTRIAL PRODUCTIVITY

7. Discontinuance of the program of direct reports from industry on productivity; restriction of work on the existing indexes of productivity and unit labor costs.

AMOUNT ALLOWED BY HOUSE APPROXIMATELY SIX TIMES THE AMOUNT THE BUREAU HAD IN 1931

Senator KNOWLAND. We fully appreciate the importance of this agency of the Labor Department. I recognize the importance of getting factual information, both from the point of view of labor and of management and the necessity for having this agency which has been established a long period of time, but with this long list of eliminations, I merely wish to call your attention to the fact that even with the rather drastic cut which the House committee gave to this agency, cutting them down to \$2,373,000, that that is still approximately six times as much as the agency received in 1931, and it is a substantial number of times the amount you received even as late as 1938.

It just seems to me a little hard for me to believe that with an appropriation that is four or five times what you received in 1938, that you are not going to be able to function and apparently eliminate almost everything you are doing.

Mr. CLAGUE. This does not eliminate everything. I have listed here the things I believe might have to be eliminated.

Senator KNOWLAND. The costs in 1938 had increased over what they had been a few years prior to that time. In war years of course it was a tremendous expansion, but if we are going to bring this terrific burden of Government we have now back to reasonable proportions, it would just seem to me to be a little farfetched to believe that expanding your Bureau alone to three or four times what it was in 1938 that we have completely destroyed it.

I think you will have difficulty in conveying that impression.

Mr. CLAGUE. I would like to make one point in response to that, Senator.

We had special allocation for other types of projects which often ran far beyond our regular appropriation.

Senator KNOWLAND. Take this item of traveling expenses alone here that Senator McKellar has mentioned, of \$428,650. For that one item alone, it is almost as much as your total appropriation was for salaries and expenses, which only amounted to \$442,000.

Now, there are a great many of these activities that business and labor and people generally would like to have, but you have to keep them within reasonably due bounds. I know on the census, probably a great many business houses, if they could have the census once every 5 years rather than 10 years, it would be of tremendous value to them, but we have an obligation to the country to at least try to maintain desirable agencies, as yours is, and at the same time set some limitation so that you will not grow completely out of any reasonable bounds on this matter of appropriations.

Mr. CLAGUE. That is true, Senator, and I would like to make clear that I have tried in my presentation here to go down the list item by item to present to you the elements that ought to be considered in determining whether or not these particular services should be continued.

In other words, our Bureau compiles and publishes many different kinds of statistics which we collect to serve various purposes. It is a question of which should be preserved; a question of judging each one.

Senator KNOWLAND. In 1941, you were putting out these indexes of figures which are of value to labor and management. Now, however, with considerably more money than you had at that time, you tell us if you are cut back to anything approximating that figure you would have to eliminate those monthly indexes.

Now, just what would you propose to keep on this House figure?

Mrs. WICKENS. May I make two points about the comparison, Senator. I have been with the Bureau a little longer than the Commissioner has and I have some of the historical figures in mind.

This House appropriation would put us below where we were before Pearl Harbor in terms of number of employees.

EFFECT OF HOUSE REDUCTION ON PERSONNEL OF BUREAU

For instance, we estimate that the House bill would take us down to around 700 employees.

In 1941 we had a little under 900, of which 185 were on working funds, that is, funds outside our own appropriation.

We had about 700 at that time on the Bureau's own funds but that did not take account of the monthly cost of living indexes.

Senator KNOWLAND. On your requests for 1948, you are expanding from that 700 figure in 1939 to over 2,000 for the estimate for 1948.

Mrs. WICKENS. That is true.

Senator KNOWLAND. If our whole Federal Government expands anywhere near that proportion, it will be quite bad.

Mrs. WICKENS. This rise is due to the activities added during the war, each with very careful scrutiny by the Congress, and each to provide a specific need—the war-connected activities are all gone, I can assure you. The bulk of this cost is in local and State information and more frequent information, which was not, as I repeat, in that previous budget.

DATA SUPPLIED IN 1931 NOT ADEQUATE

I think there is one other thing that ought to be said about the Bureau in 1931. At that time I was with the Federal Reserve Board and I used to use the Bureau's figures in making the indexes for the Federal Reserve Board. The Bureau's data were not adequate. The Federal Reserve Board actually made the employment and pay-rolls indexes itself and adjusted them up to comparable totals with the census.

There has been a gradual growth in the Bureau, a little at a time, to provide some of the services that were needed and that fell within its scope, but that previously were not being adequately performed.

I think it is fair to say that the war speeded up some of those demands, but the bulk of the increase has come in providing the State and local information and providing faster information.

We need faster information when the economic situation is unsettled.

We want accurate, fast information, and it is there that the increases have come.

Senator KNOWLAND. I appreciate that and I also appreciate the desirability of the work you are doing and the very fine work the

Bureau has done over a long period of years. I do not want you to misunderstand that. On the other hand, here we are faced with the complete elimination of the Bureau of Labor Standards because of the budgetary problems and yet this agency has grown more than probably all the rest of the bureaus in the Department put together.

That is the problem we are faced with.

Mrs. WICKENS. It would put us back well before Pearl Harbor and at a time when the demands for our information from labor and industry have never been so great. I can assure you that this information is being used—our materials are being used—and are not lying idle in the files. That is a fact I am sure you will want to take into account.

Senator KNOWLAND. Of course, the committee must give weight to that.

EFFECT OF PREVIOUS REDUCTION ON QUANTITY OF REPORTS MADE

Mrs. WICKENS. We have tried to operate on an economical basis. We have had two appropriations reductions, one of over \$700,000, 2 years ago, and another of \$520,000 in the last fiscal year.

In the course of those readjustments we have eliminated quite a bit of work, as you well see. We at one time had 73 cost-of-living surveys. We cut out all but 39 of them, so that a number of reductions have already been made. This increase takes into account added demands on us. There are not frills in the sense of things that would merely be nice to know.

Also, I think we would want to take into account the salary increases of about 35 percent.

Senator KNOWLAND. That should be taken into consideration, obviously. Frankly, speaking purely for myself on this situation, I would be more favorably impressed with the case if you could come in here with a substantial reduction under what you had last year, perhaps more than the House allowed you on the situation, rather than to get practically the complete restoration, because I just do not see how this committee of the Senate can go along with you to that extent, as much as we would like in more normal times, perhaps, to have these expanded activities continued.

Mr. CLAGUE. Mr. Chairman, I am going to submit to you such information and advice as I have been able to get from people who use this material.

CERTAIN REPORTS SHOULD HAVE HIGHEST PRIORITY

I have tried myself to find out which things should have the highest priority. I want to make clear that this Bureau is going to operate on whatever money you give us and we will do those things that are most important, insofar as we can determine what the demand is.

Now among the various items, there is a very high priority assigned by people generally to the national employment series, for example. There is a strong demand for the monthly series on the cost of living. On the other hand, there are some items on which there are differences of opinion among people.

We have discussed this problem with the business statistics committee of the United States Chamber of Commerce. We have dis-

cussed it with the National Association of Manufacturers and with the National Industrial Conference Board. We have discussed it with the labor groups—the American Federation of Labor, the Congress of Industrial Organizations, and the Association of Railway Labor Executives.

The consumers prices and wholesale prices are of primary interest to some organizations. The dollar budget for workingmen's families, for example, would be dropped by some employer groups; some of the labor groups would make a strong argument that it should be retained, and so would business groups interested in marketing.

I would like to make available to you all I have been able to learn on these points so that a decision can be made as to which should be given the highest priority.

Senator KNOWLAND. I have received letters from business organizations, the United States Chamber of Commerce Statistical Division and National Canners Association and many other groups pointing out the very valuable work you are doing.

There are also State groups urging economy in government, providing the economy is bad on the other fellow.

Mr. CLAGUE. I will continue with my statement:

CURTAILMENT OF OCCUPATIONAL OUTLOOK STUDIES

8. Great curtailment in the occupational outlook studies for vocational counseling purposes.

DISCONTINUANCE OF WORK ON FOREIGN LABOR CONDITIONS

9. Discontinuance of virtually all work on foreign labor conditions affecting the interests of the United States, except departmental representation on interagency committees or international organizations.

REDUCTION IN TECHNICAL ADVISORY SERVICES

10. Substantial reduction in technical statistical advisory services to the States on accident statistics, strike statistics, and cost-of-living indexes, now being carried on at their request.

ACTIVITIES TO BE CONTINUED AND DISCONTINUED UNDER HOUSE FIGURE

[See p. 532]

This is only a brief summary of the major curtailments that would appear to be necessary under the terms of H. R. 2700. I will be glad to submit for your consideration more detailed information on each of these points.

Senator KNOWLAND. I would also like to have you submit in more or less the same order what will be continued if the House cuts appear, rather than what would be eliminated.

It does not seem there would be much left.

Mrs. WICKENS. There will be a great deal left.

Mr. CLAGUE. One last point I would like to make, Mr. Chairman, is this. Some of our information is generally wanted, as I indicated earlier, by all groups. On the other hand, some parts of our program are strongly supported by particular groups.

We would like, when we are through, to have a balanced program.

We would prefer not to have specific amounts earmarked, let us say, for certain operations, without regard to the total fund made available to us.

We should have a well-balanced program which gives reasonable representation to each type of work that we perform.

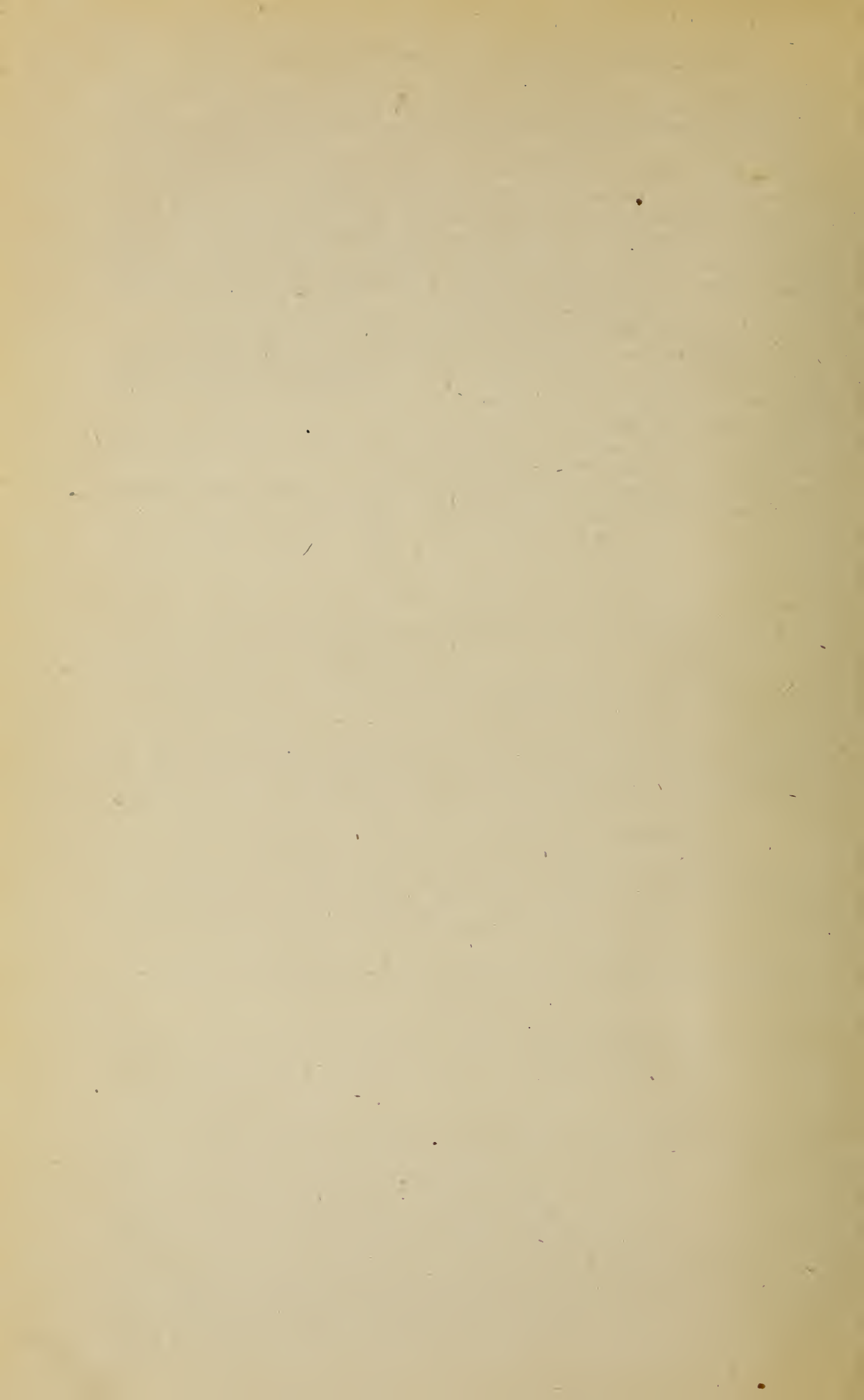
Senator BALL. What I would like to work from when we start marking up this bill is the greatest possible detail of what your various programs, and every part of them, is costing now, what the increases will cost that you are asking for, and I would like your own judgment of what you feel are most important.

Mrs. WICKENS. We would like to give you that information.

Senator BALL. I would like for you to get some preliminary picture to us on that family budget thing. We would like to know what that study is producing, because I am very doubtful about whether it is worth what it is costing.

Senator KNOWLAND. The committee will recess at this time and reconvene at 10 o'clock tomorrow morning.

(Whereupon, at 5:30 Monday, April 7, 1947, the committee recessed, to reconvene at 10 o'clock Tuesday, April 8, 1947.)



LABOR-FEDERAL SECURITY APPROPRIATION BILL, 1948

TUESDAY, APRIL 8, 1947

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D. C.

The subcommittee met at 10 a. m., pursuant to call, in the Senate Appropriations Committee Room, the Honorable William F. Knowland, presiding.

Present: Senators Knowland, Ball, Young, Dworshak, McCarran, McKellar, and Thomas.

Senator KNOWLAND. The hour of 10 o'clock having arrived, the committee will come to order.

We have with us this morning the United States Employment Service. You may proceed.

UNITED STATES EMPLOYMENT SERVICE

STATEMENTS OF ROBERT C. GOODWIN, DIRECTOR, USES; PERRY FAULKNER, CHIEF, VETERANS' EMPLOYMENT SERVICE, USES; LYLE S. GARLOCK, ASSISTANT DIRECTOR FOR BUSINESS MANAGEMENT, USES; EDWARD L. KEENAN, DEPUTY DIRECTOR, USES; AND JAMES E. DODSON, CHIEF CLERK AND BUDGET OFFICER, DEPARTMENT OF LABOR

GENERAL ADMINISTRATION

NONVETERAN ACTIVITIES

STANDARD CLASSIFICATION SCHEDULE

(The standard classification schedule is as follows:)

General administration, U. S. Employment Service, Department of Labor

[Nonveteran activities]

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-) 1948 esti- mate com- pared with 1947	Increase (+) or de- crease (-) bill com- pared with estimate
01 Personal services.....	\$3, 803, 763	\$3, 797, 600	\$900, 000	-\$6, 163	-\$2, 897, 600
03 Transportation of things.....	3, 000	2, 000	-----	-1, 000	-2, 000
04 Communication services.....	37, 330	35, 000	-----	-2, 330	-35, 000
05 Rents and utility services.....	59, 500	57, 800	-----	-1, 700	-57, 800
07 Other contractual services.....	45, 000	12, 000	-----	-33, 000	-12, 000
08 Supplies and materials.....	9, 300	5, 000	-----	-4, 300	-5, 000
09 Equipment.....	3, 107	3, 500	-----	+393	-3, 500
☐ Total obligations.....	3, 961, 000	3, 912, 900	900, 000	-48, 100	-3, 012, 900
Excess of obligations over appropria- tion due to Public Law 390.....	-217, 000	-----	-----	+217, 000	-----
Total appropriation or estimate..	3, 744, 000	3, 912, 900	900, 000	+168, 900	-3, 012, 900

AMOUNT REQUESTED

Mr. GOODWIN. Mr. Chairman, my name is Robert C. Goodwin, I am Director of the United States Employment Service in the Department of Labor.

I would like to give the committee a statement on the budget at this time.

The appropriation requested for salaries and other objects for nonveteran activities of the United States Employment Service was \$3,912,900. The House approved \$900,000 for salaries only. We request the Senate to restore \$3,012,900 to this appropriation.

The basic law under which the United States Employment Service operates is the Wagner-Peyser Act of 1933. That law sets up a cooperative Federal-State program. It clearly gives to the States responsibility for administering the program within the States. At the same time, it recognizes that the employment problem in each State is in part a national problem. It recognizes that labor market areas do cross State lines. It recognizes that workers cross State lines in search of employment, and employers cross State lines in search of workers. It recognizes that the entire employment service system will be strengthened if a certain amount of uniformity in State operating practices is provided; and it recognizes that in placing with the Federal Government major responsibility for the technical work for the entire system, economy and improved results are achieved. In short, the Congress established a public employment office system which would be administered by the States. But, the Congress gave to the Federal Government responsibility for performing those functions which, in a highly dynamic economy that knows no State boundaries, can be performed effectively only by the Federal Government.

The action on our budget by the House of Representatives made adequate provision for the State part of the total job to be performed by appropriating for grants to the States the full amount recommended by the United States Employment Service and the Bureau of the Budget of \$71,728,000. The House action, however, in cutting the budget request of the United States Employment Service by 77 percent, and the budget request of the Veterans' Employment Service by 34 percent, makes it impossible for the Federal Government to carry out its responsibilities in this Federal-State partnership. The drastic reduction made by the House renders it impossible for us to carry out the minimum responsibilities of the Law.

STANDARD CLASSIFICATION SCHEDULE

(The Standard classification schedule is as follows:)

Grants to States for public employment offices, U. S. Employment Service, Department of Labor

Standard classification	Estimate, 1947	Estimate, 1948	Amount recommended by House	Increase (+) or decrease (-), 1948 estimate compared with 1947	Increase (+) or decrease (-), bill compared with estimate
11 Grants, subsidies, and contributions.....	\$42, 823, 125	\$71, 728, 000	\$71, 728, 000	+\$28, 904, 875	0

ACTIVITIES UNDER WAGNER-PEYSER ACT

The activities necessary for the United States Employment Service to carry out its responsibilities under the Wagner-Peyser Act follow:

MAINTAIN COORDINATED NATION-WIDE SYSTEM OF PUBLIC EMPLOYMENT OFFICES

The first responsibility of the United States Employment Service is to—

assist in establishing and maintaining systems of public employment offices in the several States and political subdivisions thereof (and) assist in coordinating the public employment offices throughout the country.

To carry out this responsibility it is necessary for the Director of the United States Employment Service to deal with the general policy problem and disseminate information relating to the operations of the United States Employment Service. It is necessary to engage in preparing summaries of employment office work loads in order to provide the Director with adequate information as to the activities of the affiliated State employment services.

It is also necessary to assist the States directly to adjust their activities to meet their own needs as well as those of the country as a whole. For example, it is necessary to work with the States in the conduct of national job-development campaigns; maintaining effective job-counseling programs; and in the conduct of special projects, such as the annual national "Employ the Physically Handicapped Week." The staff in our field offices assist in carrying out this responsibility by acting for the Director on current operating problems as they arise in the States.

PROGRAM MATERIALS AND PROCEDURES

The second function of the United States Employment Service is to—

assist * * * public employment offices in increasing their usefulness by developing and prescribing minimum standards of efficiency * * * assisting them in meeting problems peculiar to their localities * * * promote uniformity in their administrative and statistical procedures * * * furnishing and publishing information as to opportunities for employment and other information of value in the operation of the system.

WORK CARRIED ON

To carry out these responsibilities we prepare and maintain for all States uniform occupational classifications, job definitions and descriptions, and technical aids for the selection and referral of workers to jobs, including specialized materials for assisting disabled war veterans and other handicapped workers. No job requires all of the physical capacities and characteristics of a worker. A disabled veteran or handicapped worker may be fully qualified with respect to a particular job. We, therefore, prepare and issue to all local offices a handbook, which lists the physical requirements for the apprenticeable occupations and other important jobs, and compares these requirements with the physical capacities of handicapped workers. We feel that we have made significant progress in advancing the employment interests of such workers, but in view of the magnitude of the problem we have really only scratched the surface.

Senator KNOWLAND. Is there any other agency of the Government that does that type of work?

Mr. GOODWIN. Not the type of work we do, Senator. When I finish this statement, we have some examples here of the type of

technical materials I am referring to, if the committee would be interested in seeing them.

We develop methods for the collection of uniform and comparable reports from all States and analyze the information on employment conditions and opportunities for major labor market areas, industries, and occupations. This information is exchanged among the local offices and made available to other Government agencies whose programs and activities are affected by labor market developments.

We analyze, in cooperation with the States, on a current basis, their experience with respect to improved operating practices. These relate to methods of registering, interviewing, and selecting and referring workers, and the maintenance of employer relations for job development activities. In addition, staff training, materials are supplied to the States for training newly inducted Employment Service personnel. The staff in or field offices assist in carrying out this responsibility by working with the States in the introduction and adaptation of program material to meet local needs.

MAINTAIN SPECIFIED PLACEMENT SERVICES

The third responsibility of the United States Employment Service is—

to maintain a veterans' service devoted to securing employment for veterans, to maintain a farm placement service * * * (and) a system for clearing labor between the several States.

The farm placement service function was transferred to the Department of Agriculture during the war emergency and has not yet been returned to the United States Employment Service, and no funds for its operation are included in this budget.

VETERANS' EMPLOYMENT SERVICE

STANDARD CLASSIFICATION SCHEDULE

General administration, U. S. Employment Service, Department of Labor (Veterans Employment Service)

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (—), 1948 esti- mate com- pared with 1947	Increase (+) or de- crease (—), bill com- pared with estimate
01 Personal services.....	\$2, 404, 495	\$2, 591, 134	\$1, 717, 600	+\$186, 639	-\$873, 534
03 Transportation of things.....	3, 995	4, 000	2, 600	+5	-1, 400
04 Communication services.....	68, 717	12, 000	7, 900	-56, 717	-4, 100
05 Rents and utility services.....	111, 867	10, 000	6, 600	-101, 867	-3, 400
07 Other contractual services.....	13, 584	5, 000	3, 300	-8, 584	-1, 700
08 Supplies and materials.....	19, 975	19, 198	12, 700	-777	-6, 498
09 Equipment.....	27, 967	9, 268	6, 100	-18, 699	-3, 168
Total appropriation or esti- mate.....	2, 650, 600	2, 650, 600	1, 756, 800	0	-893, 800

RESPONSIBILITY TO VETERANS

Mr. GOODWIN. Mr. Faulkner, Chief of the Veterans' Employment Service, is here to discuss that Service with you in detail.

I should like to point out, however, that the responsibilities to veterans placed upon the United States Employment Service by the Wagner-Peyser Act were increased by title IV of the Servicemen's Readjustment Act of 1944, which states that—

Congress declares as its intent and purpose that there shall be an effective job counseling and employment placement service for veterans and that to this end policies shall be promulgated and administered so as to provide for them the maximum of job opportunity in the field of gainful employment.

VETERANS PLACEMENT SERVICE

For this purpose, the act creates a veterans placement service board and directs that board to cooperate with and assist the United States Employment Service in carrying out the purposes of the act.

TECHNICAL SERVICES AND SUPPLIES FURNISHED

The United States Employment Service to avoid duplication and to achieve economy, undertakes to supply the Veterans' Employment Service with all necessary technical services and materials such as manuals on operating methods and practices; statistical reporting and labor-market information; budget and fiscal services; and personnel and business management services. In addition, the United States Employment Service assists the Veterans' Employment Service in the development of special methods and materials which will improve the job counseling and employment placement service for veterans. The work done by the United States Employment Service for the Veterans' Employment Service is provided for in the United States Employment Service section of the budget.

CLEARANCE OF WORKERS BETWEEN STATES

We maintain a system for the clearance of workers of all types between the several States. This service is particularly important in connection with skilled workers not available in the community in which the demand exists, and for professional and technical workers whose employment opportunities are in the national labor market. It also is important with respect to workers needed for meeting seasonal demands for industries, such as food processing, construction, and lumber. The latter, incidentally, involves the Canadian woods workers especially in New England. In addition, we maintain a current listing of foreign job opportunities which has been extremely valuable, especially to veterans seeking foreign employment.

REGISTER OF SCIENTIFIC AND SPECIALIZED PERSONNEL

In connection with our specified placement services we maintain the National Roster of Scientific and Specialized Personnel, which constitutes the only register of our scientific manpower resources. This

activity is recognized as important to our national-security program by the War and Navy Departments and scientific associations.

I would like to interpose here an example of how that roster is used. Only last week, we received a request from the Central Intelligence Group for information on people that could speak Greek and Turkish. We were able to supply them within an hour the names of 2,000 professional people in the United States that were completely fluent in Greek and Turkish and had all the information on the scientific skills of those people.

Senator McCARRAN. Do you mean by that that they were taking these people abroad?

Mr. GOODWIN. No; this was an inquiry as to the availability of such people, Senator. No action was taken immediately, and I do not know exactly what is contemplated. I used the example merely to show how quickly with this roster it is possible to put your finger upon anyone with special, highly professional qualifications in the country. We have them registered in this central file.

SOURCE OF INQUIRY ON INDIVIDUALS SPEAKING GREEK AND TURKISH

Senator McCARRAN. Did the inquiry come from officials of the Greek or Turkish Governments?

Mr. GOODWIN. No; the inquiry was from our own Government, from the so-called Central Intelligence Group here.

Senator McKELLAR. Are these men in the employ of the Government already or outside the employ of the Government?

Mr. GOODWIN. They were both.

Senator McKELLAR. How many in each?

Mr. GOODWIN. I do not know on that. I could probably get the information for you.

Senator McKELLAR. I wish you would put it in the record.

Mr. GOODWIN. I will do that, sir.

Senator McCARRAN. By that you mean those who were designated by the Department or those who made the inquiry?

Senator McKELLAR. I do not know. He said he got 2,000 in a very short time who could serve as speakers, knowing the Greek language, to aid the Government in its negotiations. I want to know how many were in the employ of the Government, and where did you get the others. Do you keep a list of those we might employ for every government in the world when they begin to call on us for money? For instance, suppose the people of Siam or the Natives in South Africa were to call on us. Have you got experts in those countries too?

Mr. GOODWIN. Well, I assume that in this list of people we have on the national roster that we have people that can speak almost any language that exists, because we have all the highly technical, highly qualified people in the country, or virtually all of them, listed there with their special qualifications. They are doing many different things and are employed in many different occupations. The listing of them on that roster does not constitute an application for employment. All of these people might not have been available for any job they were wanted for, for instance.

Senator McKELLAR. I will be glad if you will put in how many were in the employ of the Government already and where you got the other names.

Mr. GOODWIN. We will be glad to do that, Senator.
(The information is as follows:)

STATEMENT CONCERNING PRODUCTION OF PERSONS FAMILIAR WITH THE GREEK, TURKISH, AND HUNGARIAN LANGUAGES FROM THE PUNCH-CARD LIST OF THE NATIONAL ROSTER OF SCIENTIFIC AND SPECIALIZED PERSONNEL

In pursuance of its obligation to service other agencies of government whenever needed, the national roster of scientific and specialized personnel of the United States Employment Service, Department of Labor, recently tabulated for the Central Intelligence Group a list of American specialists in various scientific fields with a knowledge of Greek, Turkish, and Hungarian. The attached listing indicates the specialized fields in which the individuals so skilled have knowledge and also shows the number of the total list who are at present employees of the Federal Government. This office was not advised by the CIG as to whether specific jobs would actually be filled from the list or, in fact, what use was to be made of the list other than that it would be considered for general security purposes.

Department of Labor, U. S. Employment Service—National roster of scientific and specialized personnel, Apr. 9, 1947

NATIONAL ROSTER REGISTRANTS WITH KNOWLEDGE OF GREEK, TURKISH, AND HUNGARIAN LANGUAGES

Principal professional field	Greek	Turkish	Hungarian
Biological and agricultural sciences, total.....	54	17	49
Agronomy and soil science.....	4	2	3
Anatomy.....	3		
Animal and poultry science.....	3	2	1
Bacteriology and immunology.....	4	1	12
Botany.....	4	1	3
Dairy science.....	1		3
Entomology.....	3	2	3
Forestry and range management.....	3		3
General biology and natural history.....	6	2	6
Genetics.....			
Horticulture.....			
Human nutrition.....	2	1	
Parasitology.....		1	1
Pathology.....	2	1	4
Pharmacology.....	4	1	2
Physiology.....	2	1	2
Plant pathology.....	6		
Plant physiology.....	1		
Wildlife and fish.....	1	1	1
Zoology.....	4		4
Other biological and agricultural sciences.....	1	1	
Physical sciences, total.....	274	66	386
Astronomy.....	1		1
Chemistry.....	184	42	298
Geology.....	19	6	8
Geophysics.....			3
Mathematics.....	32	5	20
Meteorology.....	1	1	1
Physics.....	37	12	55
Engineering sciences, total.....	398	153	805
Civil engineering, total.....	82	59	147
Sanitary Public Health.....	1		1
Other civil engineering.....	81	56	146
Electrical engineering, total.....	90	28	141
Radio and communications.....	21	8	42
Other electrical engineering.....	69	20	99

Department of Labor, U. S. Employment Service—National roster of scientific and specialized personnel, Apr. 9, 1947—Continued

Principal professional field	Greek	Turkish	Hungarian
Engineering Science—Continued			
Mechanical engineering, total.....	116	35	293
Aeronautical.....	37	7	48
Automotive.....	3	1	14
Heating, air conditioning, and refrigeration.....	3	2	20
Marine engineering and naval architect.....	6	1	3
Other mechanical engineering.....	67	24	208
Other engineering, total.....	110	31	224
Agricultural engineering.....		1	3
Ceramic engineering and glass technician.....	2		3
Chemical engineering.....	70	14	93
Management engineering.....	11	5	71
Metallurgical engineering.....	11	5	14
Metallurgy.....	3	3	14
Mining engineering and mineral technician.....	5	2	10
Petroleum and natural gas engineering.....	4	1	12
Safety engineering.....	4		4
Social sciences, total.....	121	35	57
Actuarial science.....			
Anthropology.....	25	9	
Economics.....	22	9	25
Geography.....		1	1
History.....	26	6	3
Political science and public administration.....			
Psychology.....	32	5	25
Sociology.....	11	4	1
Speech pathology.....	2		1
Statistics.....	3	1	1
Architectural and planning, total.....	9	2	12
Architecture.....	9	2	10
Landscape architecture.....			2
Foreign languages.....	25	17	8
Grand total.....	¹ 881	² 290	³ 1,317

¹ In this group there are 35 civilian employees of the Federal Government.² In this group there are 21 civilian employees of the Federal Government.³ In this group there are 66 civilian employees of the Federal Government.

PROPOSAL FOR NATIONAL SCIENCE FOUNDATION

Mr. GOODWIN. The roster cannot be continued more economically than it is at present. There is a bill before the Senate—S. 526—for the establishment of a National Science Foundation. This bill provides, among other things, for the transfer of the roster from the United States Employment Service to this new organization. It is my recommendation that the roster be maintained at the present level of operation in the United States Employment Service until such time as the Congress may decide that it should be transferred elsewhere.

BUDGET ADMINISTRATION AND FISCAL MANAGEMENT

ALLOCATION OF FUNDS FOR STATE OPERATIONS

The fourth responsibility of the United States Employment Service is to allocate funds to the several States and obtain from each State a—detailed plan for carrying out the provisions of this act [and determine whether] such plans are in conformity with the act and are reasonably appropriate and adequate to carry out its purposes; [and obtain] from each State agency * * * such reports concerning State operations and expenditures as shall be prescribed * * *. Ascertain whether the system of public employment offices * * *

is conducted in accordance with rules and regulations and the standards of efficiency prescribed by the Secretary.

In carrying out these responsibilities we review State plans of operation and the amendments and revisions of the plans as they are made from time to time by the States. In addition, we must carefully review and process State budget requests. As you know, the entire cost of the operation of the public employment service system is financed at the present time by the Federal Government. It is necessary that we see that the funds are allocated to the States on the basis of the work loads handled by the local offices in each State, and that the State office administrative costs are equitable among the States. The staff in our field offices work with the States on a day-to-day basis, in the preparation of budget estimate requirements and amendments to plans of operation, and in the problems arising in connection with carrying out the State personnel systems.

PROGRAM FOR FIELD OFFICES

COOPERATION WITH STATES

I wish to call your special attention to the activities conducted by the 12 field offices of the United States Employment Service. I have just indicated what they do in connection with various groups of responsibilities. Because these offices are located in the States they develop a considerable familiarity with detailed operating problems and can provide administrative and program assistance more readily and economically than would be possible through handling all this work from Washington.

LOCATION OF OFFICES

Senator KNOWLAND. I want to interrupt you there. Where are your 12 field offices now located? I think it should be put in the record.

Mr. GOODWIN. We have one at Boston, one at New York, one at Philadelphia, one at Washington, Cleveland, Dallas, Chicago, Kansas City, Denver, San Francisco, Atlanta, and Minneapolis.

Senator McCARRAN. Have you any Service field offices in any of the Western States between Denver and San Francisco?

Mr. GOODWIN. No. Those two cover the entire western group of States.

Senator McKELLAR. You have none also between Atlanta and Denver, Colo.?

Mr. GOODWIN. Yes; we have the Dallas, Tex., office and the Kansas City office.

Senator McCARRAN. What are their functions, generally speaking?

STUDY STATE BUDGETS

Mr. GOODWIN. They represent the Director of the Service in the field. Much of their activity has to do with budget work, assisting the States in developing their budgets for presentation to us. As I pointed out, the system is now financed 100 percent by Federal funds, and it involves a considerable amount of work on the budget.

Senator McCARRAN. These field offices are maintained by this appropriation; are they not?

Mr. GOODWIN. Yes; that is right, sir.

Senator McCARRAN. I would like to know what these field offices do.

Senator McKELLAR. I would, too.

Senator McCARRAN. You just cannot sit there and tell us they have to do with the budget. What is their function? What do they do?

Mr. GOODWIN. They are our representatives in the field. They introduce these technical materials I have discussed in this statement to the States and work with them in getting those adopted.

Senator McCARRAN. How does the field office in Denver get this data to the States between Denver and San Francisco?

Mr. GOODWIN. By keeping constant contact with them. They visit the State offices and go over their problems with them.

QUESTION OF TRAVEL IN WEST

Senator McCARRAN. Then they must be traveling most of the time between San Francisco and Denver, to Washington, Oregon, Idaho, Montana, Utah, Arizona, Nevada, and New Mexico.

Mr. GOODWIN. The people in that area, Senator, do have considerable traveling involved in their work. It is much shorter, however, than if the travel were out of Washington.

Senator McKELLAR. Take that area of Louisiana, Mississippi, Arkansas, Tennessee, Kentucky, and North Carolina. It is a good long step, too. They must be traveling nearly all the time.

Mr. GOODWIN. Those States that you mentioned, Senator, fall in four of the regions. One is in the Kansas City region, one in the Dallas region, one in the Washington region, and the other—

Senator McKELLAR. Kansas City is a very long way from my State and a long way from Louisiana, Mississippi, and northern Alabama.

Senator YOUNG. Your San Francisco office also handles Alaskan employment problems?

Mr. GOODWIN. No; it used to, Senator, but it does not any more. The Territory is now handled through the Washington office.

Senator KNOWLAND. Now, on this saving at these various State offices, could not some of that which you mentioned be done by mail just as well, supplying them with materials?

Mr. GOODWIN. Some of it can and some of it is, Senator, but some of it cannot be done effectively by mail. Many questions arise involving the Federal standards. Many of them are minor questions, but the States want to take it up with the Federal people. That can be done, Mr. Chairman, more expeditiously in these regional offices than it can to have it come in here.

Senator McKELLAR. What set-up have you in my State of Tennessee—where and who?

Mr. GOODWIN. Well, the set-up in Tennessee now is a State set-up, Senator, with the exception of one man. Tennessee is serviced out of the Atlanta regional office. There is at the present time one man who is attached to the regional office, who is located in Tennessee. That is Mr. Clift.

Senator McKELLAR. Where is that? At Nashville?

Mr. GOODWIN. Yes.

PERSONNEL AND COST OF REGIONAL OFFICES

Senator McCARRAN. What is the cost of maintaining all the regional field offices?

Mr. GOODWIN. This budget, Senator, requested an average of 141½ positions for the regional offices.

Senator KNOWLAND. For each office?

Mr. GOODWIN. Fourteen and one-half for each office; yes. That includes both your clerical and professional people in the office.

Senator McCARRAN. What is the total of that in round numbers?

Mr. GOODWIN. For personal services \$927,000, in round numbers.

Senator BALL. That is for all of them?

Mr. GOODWIN. That is for all of them.

Senator McCARRAN. For the total.

Mr. GOODWIN. Yes.

PERSONNEL IN SAN FRANCISCO OFFICE

Senator McCARRAN. How many people are there in the San Francisco office, and what does it cost?

Mr. GARLOCK. We have not made an actual analysis of the 175. San Francisco tends to have more than the average number of employees because of the number of States and the amount of time involved in travel.

Senator McCARRAN. Since San Francisco covers a great territory, I would like to know how many people are in that office and what it costs.

Mr. GARLOCK. They probably would have 17 or 18 people. I can supply for the record the exact costs if you desire that, Senator.

Senator McCARRAN. I would like to have it.

(The information is as follows:)

Proposed staffing pattern for San Francisco field office of U. S. Employment Service for fiscal year 1948

Regional director	1
Chief field representative.....	1
Field representative.....	1
Reports and analysis specialist.....	1
Occupational analyst	1
Standards and methods specialist.....	1
Personnel standards specialist.....	1
Assistant standards and methods specialist.....	1
Interarea clearance and rural industry specialist.....	1
Principal clerk.....	1
Secretary.....	1
Stenographers.....	6

At a total cost of \$88,056.

PROPOSAL TO REDUCE FIELD OFFICE STAFFS

Mr. GOODWIN. We have been in the process of cutting down the size of the field offices. This is the allocation of personnel as of July 1, which is the budget we are talking about.

Senator McCARRAN. Last July, or this coming July?

Mr. GOODWIN. This coming July.

Senator McCARRAN. Have you got that set-up for San Francisco?

Mr. GOODWIN. We are planning to have 17 in the San Francisco regional office. We will furnish you with just what that would cost.

WORK OF PERSONNEL IN SAN FRANCISCO OFFICE

Senator McCARRAN. Will you give the committee now what each of the 17 people do in that San Francisco office? Give it to us in generalities. We do not have to have it in detail.

Senator McKELLAR. What do they do?

Mr. GOODWIN. They review the budgets that come in from the States, and if there are any items in the budget that are questionable, they discuss them with the State. They take the technical material that is the basis of this whole system which is developed in Washington and introduce it in the State.

Senator McKELLAR. What sort of technical material?

Mr. GOODWIN. We have a rather full statement on the technical material if the committee would like to have it, and later I would be very happy to present it.

Senator KNOWLAND. We would like it for the committee and the staff to go over.

(The information requested was filed with the committee—see also p. 177.)

Mr. GOODWIN. It does represent a big part of the work the USES is doing now.

Senator McKELLAR. How long has this service been divided up into the 10 or 11 sections? Was that before the war?

Mr. GOODWIN. Yes, sir; it goes back to 1939.

Senator McKELLAR. It was just before the war.

SALARY SCHEDULES IN STATE OFFICES

Senator KNOWLAND. What has been the policy of the Department regarding the salary schedules followed by the various State offices?

Mr. GOODWIN. You mean for the State employees?

Senator KNOWLAND. That is right.

Mr. GOODWIN. That has followed the State salaries, comparable salaries in the State. In other words, they follow the regular State salary scale.

CORRESPONDENCE ON PROBLEM IN MISSOURI

Senator KNOWLAND. You had some correspondence with some of the States on that. It seems to me I have read something about the problem in Missouri. Do you have some correspondence with Missouri regarding their salary schedules?

Mr. GOODWIN. Yes.

Senator KNOWLAND. Could you furnish the committee with a copy of the correspondence?

Mr. GOODWIN. I can furnish the committee with the full statement on the Missouri situation, and the correspondence if you want it.

(The information is as follows:)

DECEMBER 12, 1946.

Hon. PHIL M. DONNELLY,
Governor of Missouri,
Jefferson City, Mo.

MY DEAR GOVERNOR DONNELLY: I have just completed a thorough review of the entire situation relating to the Missouri State Employment Service and your State's compliance with the provisions of Public Law 549. It is with the utmost reluctance that I must advise you that the proposed actions of your State agency with respect to the transfer of the offices fail to carry out the provisions of Public Law 549. The situation in your State is particularly regrettable because the 47 other States have complied with the provisions of the act and have fully cooperated in effecting the transfer with a minimum of disruption.

On the entire record I find that the situation rests upon two points: (1) On Friday, November 15, Mr. Carroll, director of your State agency, wired Mr. Goodwin, Director of the United States Employment Service, that your State would comply with the provisions of Public Law 549. Before Federal funds could be certified to your State in reliance on that assurance, your State agency initiated transfer actions which were inconsistent with those assurances, and with the provisions of Public Law 549; and (2) when, during the ensuing days, those inconsistencies were pointed out to you and your representatives, you alleged that the Labor Department's interpretation of Public Law 549 was in error. On this point, I can only advise you that the Labor Department's interpretation of Public Law 549 reflects my own considered judgment and the conclusions of other affected State agencies, many of whom participated with representatives of this Department in the discussion of the law with congressional committees.

In the hope of clarifying our mutual understanding of the problem, I am taking the liberty of summarizing the background of the situation as it exists today.

As is generally well known, Public Law 549 was designed by the Congress to assure that the federally operated public employment offices would be transferred to the States as going concerns. To that end the Congress prescribed certain requirements to assure that the trained and experienced personnel in the offices would be transferred to and retained in the State offices without interruption in their service, pending their opportunity to take the State examinations. After carefully considering the legislative history of this act, and with full knowledge of the purpose and intent of the Congress, I concluded that the Congress placed upon me the responsibility for finding that each State desiring Federal funds with which to operate such offices, would carry out a personnel transfer program that consists of three basic steps:

1. The temporary or provisional appointment of the covered employee to the position held on July 26 or to a reasonably comparable position;
2. The temporary retention of the covered employee in that position unless separated or terminated for cause, reduction in force, or other reasons specified in the statute; and
3. The permanent appointment of the covered employee to that position if he is eligible for such appointment after taking the State merit system examination.

In an effort to arrive at a fair interpretation of the law, and in an effort to fulfill my obligation in the most reasonable and cooperative manner, I directed the United States Employment Service to consult with various affected State officials and also with the Employment Service Committee of the Interstate Conference of Employment Security Agencies. These consultations were held over a period of several weeks. The United States Employment Service document, commonly referred to as Field Instruction 959, which describes the steps necessary to comply with Public Law 549, was finally issued only after such consultations. The soundness of the interpretations reflected in that document is verified by their acceptance by 47 States and 2 Territories which have already carried out the initial transfer steps as described in that document.

As I have indicated, by wire dated November 15, Mr. Carroll assured Mr. Goodwin that the three basic steps required under Public Law 549 would be carried out in Missouri, that is, that all persons employed by the United States Employment Service on July 26, 1946, would be appointed to the positions occupied by them on that date or to reasonably comparable positions and would be

retained in such positions in accordance with the requirements of Public Law 549. On the basis of that assurance, Mr. Goodwin, on Saturday, November 16, wired your State agency that this assurance fulfilled the requirements of Public Law 549 and grants were accordingly in the process of being certified. However, on Monday, November 18, and before the process of certification could be completed through normal channels, the United States Employment Service regional director reported that the actual offers of State employment which your State agency had sent to the covered employees, failed to carry out the assurances given by Mr. Carroll.

Mr. Carroll was immediately telephoned, and the entire situation was thoroughly discussed. In that telephone conversation, Mr. Carroll's own statements verified the fact that your State agency did not propose to appoint the covered employees to State employment and retain such covered employees during the temporary period necessary to give them an opportunity to take your State merit system examinations. Mr. Carroll's own statements verified the fact that your State agency did not propose to accord similar treatment to similarly situated employees, that your State agency proposed to shift covered employees into different positions without regard to the provisions of Public Law 549 and without proceeding under customary reduction in force procedures. Mr. Carroll was accordingly advised, by wire dated November 19, that the November 16 wire of the United States Employment Service was under reconsideration and that, in an effort to assist your State to carry out the personnel transfer actions prescribed by the Congress, representatives of the Department would leave immediately to confer with your State agency in Jefferson City. For your ease of reference, I am attaching copies of the several exchanges of telegrams that have occurred.

After 2 days of such conferences, no solution could be agreed upon, and Mr. Carroll determined that in order to permit the State of Missouri to maintain public employment offices during the period necessary to resolve the problem, resort should be had to the procedure authorized in Public Law 549 by which, during a temporary period, the employees in Missouri would be paid directly by the Federal Government and would be detailed or loaned to the Missouri State Employment Service. However, the same statute requires that such procedure can be used only upon the request of the State. On November 22, Mr. Carroll advised us that he had recommended to you that such a detail be requested. I understand that the recommendation was under consideration by you for a substantial period of time and that it was not until Mr. Goodwin's visit to Jefferson City on December 5, that you advised him of your decision not to request such a detail.

As I indicated, Mr. Goodwin went to Jefferson City on December 5, for further conferences with you and your State agency representatives in a further effort to assist your State agency to take over and continue the operation of the public employment offices. During those conferences your representatives repeated their prior statements that your proposed program was necessitated in part by the decisions of your State personnel board. On Monday, December 9, Mr. Carroll advised Mr. Goodwin that on Monday afternoon, he was again meeting with your State personnel board and would advise him, not later than Tuesday, December 10, of the results of that meeting. As of this date, Mr. Goodwin has received no advice from Mr. Carroll.

The personnel transfer actions initiated by the Missouri Division of Employment Security on November 18 flatly contradict the assurances contained in Mr. Carroll's wire of November 15. They are also in direct contravention of the initial steps of the personnel transfer program prescribed by the Congress. After examining the actions proposed by your State agency, the only conclusion I can reach is that your State has not developed a personnel transfer program which fulfills the provision of Public Law 549.

I realize the seriousness of the possible results of this conclusion upon workers, veterans and employers in your State. I appreciate its possible impact upon the payment of unemployment compensation and servicemen's readjustment allowance benefits in Missouri. It is for these reasons that I have deferred giving you this formal notification in writing, in the hope that through the negotiations I have described, your State agency might, like all of the other State agencies, develop a program to carry out the provisions of Public Law 549 and avoid the disruption and confusion which will result if the offices must be closed. Under the record before me, however, I can find no basis, under Public Law 549, for certifying funds to your State agency.

Please accept my personal assurances of our continued desire to cooperate with you and to render every possible assistance to enable your State to take over the public employment offices as going concerns and to maintain such offices as part of our nation-wide system of public employment offices.

Very truly yours,

L. B. SCHWELLENBACH.

NOVEMBER 16, 1946.

Mr. MICHAEL J. CARROLL,

*Director, Missouri Division of Employment Security,
Jefferson City, Mo.:*

On basis of the substantive amendments submitted in your official telegram of November 15 and verbal assurances of continuing cooperation in effecting full compliance with the requirements of Public Law 549, your plan of operation for the Missouri State Employment Service has been approved in accordance with the formal letter of approval which follows. Your personnel transfer program has also been approved on basis of the statement in your telegram of November 15 that United States Employment Service employees in Missouri on July 26, 1946, will be appointed to the positions held by them on that date, or to reasonably comparable positions, and will be retained in such positions in accordance with the requirements of Public Law 549. Certain questions exist under this program as previously submitted which must be resolved prior to the certification of ensuing grants. Within the limits of funds available to us, grants for the proper and efficient administration of your plan are being certified immediately.

ROBERT C. GOODWIN,
Director, United States Employment Service.

DEPARTMENT OF LABOR,
UNITED STATES EMPLOYMENT SERVICE,
November 19, 1946.

Mr. MICHAEL J. CARROLL.

Division of Employment Security, Jefferson City, Mo.:

On November 15 you submitted assurances that Missouri State Employment Service would carry out personnel transfer program in accordance with Public Law 549, which provides for the transfer and retention in the Missouri State Employment Service of covered USES employees in the same or comparable positions to those held in the USES on July 26, 1946. We have been advised by USES Regional Director Doarn that your agency has made a considerable number of assignments of covered employees to different and not reasonably comparable positions and that your agency has not accorded like treatment to all covered employees under similar circumstances. Foregoing information and our telephone conversation today indicates that advice contained in our wire to you dated November 16 may require reconsideration because your telephone advice today indicates that we misunderstood the commitment contained in your wire of November 15. Public Law 549 requires your State agency to retain all covered employees in the same or comparable positions to those occupied by them on July 26 until they have been given reasonable opportunity to acquire permanent State status in such positions under your merit system. Public Law 549 also requires that your State agency accord like treatment to all covered employees under similar circumstances. We are most anxious to cooperate with you in eliminating any misunderstandings that may have occurred. Therefore, confirming our telephone conversation, Wade Hammond, USES field representative, and Mr. Albert Misler, representing the Solicitor of Department of Labor, and James Doarn, regional director, will be in Jefferson City on Thursday, November 21, to confer with you. May we urge you to review attachments to field instruction 959 revised October 4, prior to Thursday meeting.

K. L. KEENAN,
Deputy Director, United States Employment Service.

NOVEMBER 27, 1946.

ROBERT C. GOODWIN,

Director, United States Employment Service:

On November 16, 1946, you notified Michael J. Carroll, Director, Missouri Division of Employment Security, Jefferson City, Mo., by telegram relative to approval of the plan of operation and transfer of the employment service as follows: "Your plan of operation for the Missouri State Employment Service has been approved in accordance with the formal letter of approval which follows. Your personal transfer program has also been approved on the basis of the statement in your telegram of November 15 that United States Employment Service employees in Missouri on July 26, 1946, will be appointed to the positions held by them on that date, or to reasonably comparable positions, and will be retained in such positions in accordance with the requirements of Public Law 549. Grants are being certified immediately. Signed, Robert C. Goodwin, Director.

You are quoted in Associated Press article from Washington under date of November 16, 1946, that \$227,500 had been allocated to Missouri. Ten days have elapsed and funds have not been received by Missouri State treasurer. Please advise me whether or not you intend to comply with terms of your telegram of November 16 by certifying funds to Missouri State treasurer.

PHIL M. DONNELLY, *Governor.*

NOVEMBER 30, 1946.

Hon. PHIL M. DONNELLY,

Governor of Missouri, Jefferson City, Mo.:

As stated in your wire of November 27, on November 16 I advised Michael Carroll, Director, Missouri Division of Employment Security, that Missouri personnel transfer program had been approved on the basis of the statement in Carroll's telegram of November 15 that USES employees in Missouri on July 26, 1946, would be appointed to the positions held by them on that date or to reasonably comparable positions and would be retained in such positions in accordance with the requirements of Public Law 549. USES was then and is now able to certify funds on this basis. However, early on November 18, and before funds could be certified through normal channels, USES received, from employees affected by transfer, information taken from Carroll's offer of State employment which indicated that State Division of Employment Security was failing to carry out provisions of Public Law 549.

Upon receipt of above information, USES contacted Mr. Carroll by telephone and fully discussed situation with him. Conversation revealed that Mr. Carroll did not intend to carry out requirements of Public Law 549. My wire of November 16, quoted in your wire of November 27, sets forth the basis on which Mr. Carroll's wire was accepted as meeting the conditions governing our authority to certify funds to your State.

In view of the fact that proposed personnel transfer actions in Missouri are contrary to Public Law 549 and that Missouri State Employment Service has not carried out even the initial steps of the required personnel transfer program, I cannot recommend to Secretary of Labor that grants for Missouri State Employment Service be certified. In this connection, 47 States and 2 Territories, many of which have substantially identical State statutes and regulations, have already carried out the initial steps of the personnel transfer program provided for in Public Law 549. On November 22, Mr. Carroll advised us that he had recommended that your State request the detail or loan of all covered employees to permit the State of Missouri to continue to maintain public employment offices for a limited period, during which we could negotiate the basis for transfer to State employment. We understand that that recommendation has been under consideration by you since November 22. We have been awaiting your decision on this proposal.

Please accept by assurance that our objections raised to previous State proposals are based solely on our legal obligations under Public Law 549. We are most anxious to cooperate with you and to certify funds for Missouri State Employment Service on basis set forth in my wire of November 16 or on the basis of a temporary detail, and offer every assistance to you and your State employment service to make that possible.

If you desire, I shall be glad to come to Jefferson City personally to discuss this problem with you at your earliest convenience.

ROBERT C. GOODWIN, *Director, USES.*

JEFFERSON CITY, Mo., *December 12, 1946.*

Hon. L. B. SCHWELLENBACH,
Secretary of Labor.

In the matter of grant of funds to the State of Missouri for the operation of the employment service, as provided by Public Law 549, it is respectfully submitted that by reason of Missouri constitutional and statutory provisions we find it impossible for this State to comply with the interpretation of Public Law 549 as set forth in field instruction 959 revised of the United States Employment Service. We are supported in this finding by the opinion of the attorney general of Missouri in which he holds that the interpretation of Public Law 549 as set forth in field instruction 959 revised of the United States Employment Service conflicts with Missouri constitutional and statutory provisions. Missouri is still ready and willing to comply with the provisions of Public Law 549 as enacted by Congress. It is requested that under the authority granted to you by virtue of paragraph (1) (A) (B), page 7, Public Law 549, you certify funds for the Missouri State Employment Service.

PHIL M. DONNELLY, *Governor.*

DEPARTMENT OF LABOR,
 OFFICE OF THE SECRETARY,
December 13, 1946.

Hon. PHIL M. DONNELLY,
Governor, Jefferson City, Mo.:

Your telegram of December 12 in which for the first time you raise question of relationship between Missouri constitutional and statutory provisions and field instruction 959 issued under Public Law 549, received.

I am astounded to find you take this position at this late date. The field instructions were issued and received by you not later than October 10. Presumably, after study of them, on November 15 you, through Michael J. Carroll, accepted the provisions of Public Law 549 in the following language: "In order that the State of Missouri may discharge its responsibilities for the continuance of the employment service without interruption so that all persons employed by the United States Employment Service on July 26, 1946, may be appointed to positions occupied by them on that date or to reasonably comparable positions and will retain such personnel in such positions in accordance with the requirements of Public Law 549."

Now, almost a month later, for the first time, you officially raise the question of the Missouri constitution and statutes. Of course, I have no desire to force you as Governor to violate the provisions of the Missouri constitution and statutes. If you wish me to make a determination under the provisions of Public Law 549, relating to State constitutions and statutes, please submit immediately an opinion from your State attorney general quoting the specific statutes and showing why such statutes render it impossible for the covered employees to be given an opportunity to acquire eligibility for permanent appointment under the State merit system. I respectfully point out that your telegram is indefinite and does not even cite a constitutional or statutory provision upon which you rely. In view of the further delay that such submission of your State statutes will entail, I call your attention to the fact that since November 15 the loyal employees in your State and local offices have worked without certainty of compensation, and we cannot expect them to continue indefinitely without some assurance that they are to be paid either by the State of Missouri or by the Federal Government. Under Public Law 549 the only authority the Federal Government would have to pay such employees would be if, upon your request, I should detail temporarily such employees to the State. Repeatedly in the last month you have been notified of my willingness to comply with such request if you would make it.

Fairness to these employees, the morale of the employment service in the State of Missouri, and the successful operation of the employment service in Missouri, requires that they be given definite and certain assurance that they are to be paid for the services they render. Therefore, I again extend to you the offer to detail these employees if you will but request that action. Surely your 2 months' delay in raising this issue places upon you the responsibility of seeing that these employees have some certainty of compensation. Unless you are willing to request such detail, I am forced to let the formal written notification in my letter of yesterday stand.

L. B. SCHWELLENBACH, *Secretary of Labor.*

EXECUTIVE OFFICE, STATE OF MISSOURI,
Jefferson City, December 17, 1946.

HON. L. B. SCHWELLENBACH,
Secretary of Labor, Washington, D. C.

DEAR SIR: I acknowledge receipt of your letter dated December 12, 1946, and also your telegram dated December 13, 1946, relative to the transfer of the United States Employment Service to the State of Missouri.

In accordance with the request in your telegram for an opinion from the attorney general of Missouri relative to such transfer, I am enclosing herewith a memorandum opinion of Hon. J. E. Taylor, attorney general of Missouri, furnished to me by General Taylor, holding that it is the opinion of the attorney general's office that the constitution and law of this State prohibit Missouri from complying with that part of Public Law 549, as interpreted by the Department of Labor in field instruction 959, requiring the retention in the same or reasonably comparable positions in the State-wide system of public employment offices of all employees of the Federal Government who on July 26, 1946, were employed in State or local employment-service functions in this State; also that it is the opinion of the attorney general's office that since the constitution and law of this State prohibit Missouri from complying with that part of Public Law 549, as interpreted by the Department of Labor, requiring the retention of all Federal employees, that under the provisions of (1) (A) (B) of Public Law 549, page 7, the Secretary of Labor may not withhold or deny certifications of funds to Missouri for a State system of public employment offices.

I am also enclosing copy of senate bill 247 of the Sixty-third General Assembly of Missouri (1945-46), referred to in General Taylor's opinion.

I am also enclosing a copy of the minutes of the Merit System Council of Missouri of its meeting held on December 9, 1946, relative to questions raised by Mr. Goodwin concerning the personnel transfer program.

We again respectfully request that you certify the funds which you have allocated to the State of Missouri for the operation of the employment service.

Yours very truly,

PHIL M. DONNELLY,
Governor of Missouri.

DECEMBER 23, 1946.

The Honorable PHIL M. DONNELLY,
Governor, Jefferson City, Mo.

DEAR GOVERNOR DONNELLY: Over the week end I have examined with great care the file of correspondence concerning the transfer of the Employment Service of the State of Missouri. I have been impressed with the fact that both you and I and your people and my people have been dealing with each other at arm's length. I think that this is the wrong approach to take toward this problem. During the last year and a half I have been in on hundreds of labor-management negotiations. The only times that those negotiations have failed were those in which the parties insisted in dealing with each other at arm's length. When they have had mutuality of interest and confidence in the sincerity of each other, they have succeeded. In this dispute between us I am convinced that both you and I are interested in seeing that the Missouri Employment Service may function effectively, and that applicants for jobs, particularly veterans, will receive the efficient service to which they are entitled.

The discussion between us, unfortunately, has reached the point of being based upon purely legal contentions. Of course, neither you nor I have any right to attempt to avoid the legal responsibilities which we have assumed in taking office. However, I do not think that either of us should attempt to stretch a point in discussing this purely human problem of getting jobs for the people of Missouri. For example, you sent me the opinion of your attorney general on this question. As a lawyer and a former judge, there are many points in that opinion with which I might take issue. For instance, I might argue that the constitutional provision, to which he refers, is not self-executing. (Interestingly enough, my education upon that point came from representing a Missouri corporation when a number of years ago I succeeded in convincing the Supreme Court of the State of Washington that a similar provision in the constitution of my State could not be used to prevent the Missouri corporation from doing business within the State.) If I chose I might raise the question of whether or not the action of your legislature giving power to the merit rating board amounted

to an illegal delegation of legislative authority. If I chose I might raise the question that the opinion of the attorney general deals with only two of the six questions raised concerning the compliance by your State with Public Law 549. However, I think it will do no good for you or me to discuss the problem in the climate of possible legal questions which I might raise.

Believing, as I do, that each of us desires to obtain the same objective, I think that if we could sit down together for a couple of hours we could easily compose our differences. Were it not for the fact that I sustained a spinal injury which prevents me from traveling the distance, I would have, before now, gone to Jefferson City to discuss this problem with you. Since I cannot, because of a physical handicap, go to see you, I am asking you to come to Washington to discuss the problem with me. I know, that with a legislative session ahead of you, how difficult that would be. Therefore, I am suggesting that if you find it impossible to come, you send someone else clothed with full authority to act. Let me assure you that I personally will conduct the negotiations. I will spend whatever time is necessary meeting with you or anyone whom you may send. What we need is mutual confidence and willingness upon the part of each of us to accept the good faith of the other. That I offer to you with the assurance that if you accept it we can and will work out a satisfactory solution of this problem which is so important to the people of the State of Missouri.

Yours very truly,

L. B. SCHWELLENBACH.

JEFFERSON CITY, Mo., December 26, 1946.

HON. L. B. SCHWELLENBACH.

Secretary of Labor:

I have your letter of December 23. I appreciate your willingness to help solve the differences relative to the transfer of the Employment Service to Missouri. In your letter you state "The opinion of the Attorney General deals with only two of the six questions raised concerning the compliance by your State with Public Law 549." We believe there is only one fundamental difference between us and that is the assignment and classification of individuals to positions in the State service and the application of the Missouri Constitution and State merit system laws. For my information I would appreciate your advising me the six specific questions which you claim are necessary for our State to comply with Public Law 549. I believe it necessary to have this information before conferring with you.

PHIL M. DONNELLY,
Governor of Missouri.

DECEMBER 27, 1946.

HON. PHIL M. DONNELLY.

Governor of Missouri, Jefferson City, Mo.:

Thank you for your telegram of December 26. I am happy to furnish you with the information you request as a preliminary to our conference. I anticipate that through personal conferences with you or your representatives, we can discuss the entire situation and arrive at a satisfactory solution consistent with both our responsibilities. I look forward, therefore, to a meeting with you or your representative, and such other State officials, including your State Attorney General, as you may wish to participate in that conference in Washington at an early date. The six questions referred to in my letter concerning compliance by Missouri with Public Law 549 relate to the following points:

1. Temporary appointment of covered employees to positions in the State-wide system of public employment offices which are the same or reasonably comparable to positions occupied by them on July 26, 1946.

2. Retention of such employees in such positions, unless separated or terminated for one of the four reasons specified in (3) below, until they have been given a reasonable opportunity to acquire eligibility for permanent appointment to such positions under the State merit system.

3. Separation or termination of such covered employees during the period described in (2) above only on one or more of the four following grounds:

(a) For good cause as determined in individual cases under the applicable State merit system;

(b) By reason of reductions in force, under the applicable State merit system, found necessary in the interests of efficient operation;

(c) If they have failed to acquire eligibility to be certified for appointment superior to that of any war veteran competing for the same appointment under the State merit system, in the positions occupied by them under Federal Service or in reasonably comparable positions, after having been given a reasonable opportunity to acquire such eligibility; or

(d) If the Secretary has determined that it is impossible for them to be given an opportunity to acquire such eligibility because of State constitutional or statutory provisions in force on July 26, 1946.

4. Giving covered employees a reasonable opportunity to acquire eligibility for permanent appointment under the State merit system to the positions held by them on July 26 or to reasonably comparable positions.

5. Appointing such covered employees to such positions if they acquire eligibility for such appointment superior to that of any war veteran competing for the same appointment under the State merit system.

6. Making provision for the extension of the same rights to employees of the Federal Government who left Employment Service positions in Missouri in order to perform service in the land or naval forces of the United States, or service in the merchant marine.

L. B. SCHWELLENBACH,
Secretary of Labor.

JEFFERSON CITY, Mo.,
December 30, 1946.

HON. L. B. SCHWELLENBACH,
Secretary of Labor.

A study of the six points in your wire of December 27 concerning your interpretation of the transfer provisions of Public Law 549 leads us to the following conclusions:

Your point No. 1. On the basis of the opinion of the Attorney General of Missouri the constitution and law of this State prohibit us from complying with your interpretation of Public Law 549. The words "covered employee" are not used in Public Law 549 and we do not recognize the use of the word "covered" in any of our discussions and do not recognize your interpretation of the word "covered" in field instruction 959 and we cannot agree with the definition of "reasonably comparable" as given in field instruction 959.

However, we can provide temporary appointment of employees to positions in the State-wide system of public employment offices which are the same or reasonably comparable to positions occupied by them on July 26, 1946, in accordance with our State merit system and our State merit system classifications and staffing pattern.

Your point No. 2. The retention of employees shall be in accordance with the State merit system.

Your point No. 3. The following words should be stricken out: "separation or termination of such covered employees during the period described in (2) above only on one or more of the four following grounds" and in lieu thereof we will agree to (a), (b), (c), and (d) in your point No. 3 subject to application of the State merit system as outlined in No. 1 above.

Your point No. 4. We will give employees a reasonable opportunity to acquire eligibility for permanent appointment under the State merit system.

Your point No. 5. Employees may be separated if they have failed to acquire eligibility to be certified for appointment superior to that of any war veteran competing for the same appointment in the State-wide system of public employment offices under the State merit system in the same or reasonably comparable positions.

Your point No. 6. We can see no conflict in compliance with this provision.

We again wish to point out that any differences concerning the assignment of personnel and classification of positions and the staffing pattern within the plan of organization are subject to review and reconsideration. Although it has always been our intention to undertake this review ourselves we have also suggested that assistance may be obtained from the Missouri merit system council to carry on this undertaking with the understanding that we would respect its determinations and recommendations.

In view of the fact that Congress made available the funds which you have allocated to this State we urge you to certify such funds so that the employees in the public employment offices in this State may be paid.

If we can adjust this matter by communication a conference in Washington will be unnecessary.

PHIL M. DONNELLY,
Governor.

DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
December 31, 1946.

The Honorable PHIL M. DONNELLY, *Governor,*
Jefferson City, Mo.:

After studying your wire December 30, I am very hopeful that negotiations can resolve differences between us. I still believe that such negotiations can best be conducted by personal conferences, although I think that our exchange of telegrams this last week has cleared up certain important differences. I again urge that either you or your representatives come to Washington for conference at earliest convenient date. Of course, I do not desire even to attempt to suggest whom you should send, but in view of your statement that assistance may be obtained from the Missouri merit system council, I respectfully suggest that it might be desirable if you would include among your representatives a member of that council. With cordial best wishes for the new year.

L. B. SCHWELLENBACH.

JEFFERSON CITY, Mo., January 3, 1947.

Hon. L. B. SCHWELLENBACH,
Secretary of Labor, Washington, D. C.:

Retel December 31. Carl J. Henry, chairman, Industrial Commission of Missouri; Michael J. Carroll, director, division of employment security; and Paul G. Steinbicker, member of personnel advisory board, will be in Washington Monday morning, January 6, 1947, for conference with you relative to transfer of Employment Service. Please advise immediately if this date is satisfactory.

PHIL M. DONNELLY,
Governor.

MEMORANDUM OF UNDERSTANDING BETWEEN THE SECRETARY OF LABOR AND REPRESENTATIVES OF THE STATE OF MISSOURI

The classification and salaries assigned in the Employment Service by the Division of Employment Security, State of Missouri, as of November 16, 1946, are tentative and subject to review by the Missouri Merit System Council with all adjustments in classifications and salaries resulting from the review to be retroactive to November 16, 1946. A representative of the United States Employment Service shall participate in the review under the council. All recommendations as to classifications and salaries shall be subject to approval by the council. The division will be governed by this review. A new letter to the above effect will be sent by the division to all employment service employees.

The Secretary of Labor will certify immediately funds to the State of Missouri.

HOW MISSOURI PROBLEM AROSE

Mr. GOODWIN. That problem rose out of the provisions of the legislation passed by the Congress last year returning the Employment Service to the States, H. R. 549. What the Congress attempted to do in the bill, H. R. 549, was to give some protection to the employees being transferred back to State employment. The questions with

the State of Missouri arose over the interpretation of the Federal law primarily, but the salary scale as such was not involved directly.

Senator KNOWLAND. Then there has been no effort on the part of the Federal agency to coerce the States in setting salary schedules.

Mr. GOODWIN. No, sir. The Missouri situation was finally settled on the basis of allowing the merit system council to adjudicate the differences.

SERVICE OF PRESENT DIRECTOR

Senator McCARRAN. How long have you been in charge of the Service?

Mr. GOODWIN. I have been with the United States Employment Service—

Senator McCARRAN. How long have you been in charge of this? You are director, are you not?

Mr. GOODWIN. Yes, sir.

Senator McCARRAN. How long have you been director?

Mr. GOODWIN. I was Director of the War Manpower Commission starting in February 1945. That was liquidated in September of that year, and I have been Director since.

Senator McCARRAN. Director of this Bureau?

Mr. GOODWIN. Yes.

Senator McKELLAR. Before you went to the War Manpower Commission, where were you?

Mr. GOODWIN. Before I was Executive Director of the War Manpower Commission, I was regional director of the office in Cleveland. Prior to that time, I was regional director of the Social Security Board in Cleveland.

QUARTERLY BUDGET SUBMITTED BY STATES

Senator KNOWLAND. I wonder if we might have for the committee records and also to study an exhibit of the quarterly budgets such as are received from the States which you study in your regional offices and in Washington, say, not all of them, but some typical States.

Mr. GOODWIN. Yes, sir.

(The information requested was filed with the committee—see also p. 182.)

REGIONAL OFFICES

TRAVEL AND PERSONNEL COSTS

Senator DWORSHAK. Will you break down the total amount of money you are asking for the regional offices as between personnel and travel? Do you have that available?

Mr. GOODWIN. We gave the figure just a moment ago on the total personnel.

Senator DWORSHAK. How much was it?

Mr. GOODWIN. \$927,000.

Senator DWORSHAK. That is just for personnel. It did not include how much was for travel.

Mr. GARLOCK. I will have to check that.

Senator DWORSHAK. You do not have a separate breakdown for that?

Mr. GARLOCK. It is in the departmental appropriation. I will check it for you.

Senator DWORSHAK. Is it included in with some other agency? Do you have a specific breakdown?

Mr. GARLOCK. The travel for the entire Department is carried in the departmental appropriation.

Senator DWORSHAK. You have just one over-all appropriation for travel within the Department of Labor.

Mr. DODSON. We have one over-all appropriation for traveling expenses for all of the bureaus of the Department. We make allocations to each of the bureaus. The Employment Service has an allocation for this year and an estimated allocation for 1948.

Senator KNOWLAND. Is that \$1,060,000?

Mr. DODSON. That is the estimate for 1948.

Senator KNOWLAND. For travel allowance for the Employment Service.

Mr. DODSON. That is correct, sir.

Senator KNOWLAND. That is a right smart amount of traveling.

Senator DWORSHAK. How much?

Senator KNOWLAND. \$1,060,000.

Senator DWORSHAK. That is for the entire United States Employment Service. How much of that is for the regional office personnel travel?

DEPARTMENTAL TRAVEL COST

Senator McCARRAN. How much is the total from which these allocations are made? What is the total for the travel? I think that is the way to get at it.

Senator KNOWLAND. \$1,060,000.

Senator McCARRAN. That is for his particular group.

Senator KNOWLAND. That is right.

Senator McCARRAN. I mean for the whole Department. They make the allocations from the total. How much is the total from which the allocations are made?

Senator BALL. The estimate was \$3,229,000, Senator.

Mr. GARLOCK. Mr. Chairman, travel for the regional office would be \$138,000 for all the regional offices.

Senator McKELLAR. \$138,000?

Mr. GARLOCK. Yes, sir.

TRAVEL ITEM FOR EMPLOYMENT SERVICE

Senator BALL. That looks out of line to me, \$138,000 out of \$1,060,000 for the regional office travel. That means your Washington staff does over \$900,000 worth of travel.

Mr. GARLOCK. The travel includes the travel for the Veterans' Employment Service, which has a large field staff and which is the largest consumer of travel funds.

Senator BALL. This is just the field office of the USES, not the Veterans.

Mr. GARLOCK. That is right.

Senator BALL. I see. Can you break down that whole travel amount?

BREAK-DOWN OF TRAVEL ITEM

Mr. GARLOCK. Yes, sir; \$322,000 for departmental, \$138,000 for regional offices of the USES, and the balance, \$600,000 for departmental and field travel for the Veterans' Employment Service.

Senator BALL. It still looks out of line to me that you should spend \$100,000 more for the departmental travel than in the field. I should think it would be your field men you would send out. The whole purpose of this is to save men from going out of Washington.

Mr. GOODWIN. That is right. The travel is comparatively inexpensive because the distances are so much shorter. Of course, they are officially located in these cities that were mentioned. There is no per diem in connection with the time they spend in the regional office.

TRAVEL OF AUDIT STAFF

Mr. GARLOCK. There is the added problem, Mr. Senator, that the audit staff we will need to audit the State books happens to be budgeted as headquarters staff. Therefore, the travel shows as headquarters travel, although we are proposing to actually quarter the auditors in the field. Their responsibility will be to the headquarters and not to the regional office.

Senator McCARRAN. Will you repeat that?

Mr. GARLOCK. The audit staff which will audit the accounts of the State Employment Services are budgeted under the headquarters staff. Therefore, the travel expense shows as headquarters travel. That amounts to \$54,000, which begins to equalize the cost between headquarters and the field.

Senator BALL. How much of it is for the audit staff?

Mr. GARLOCK. \$54,000. They will be almost in constant travel status.

DEPARTMENTAL TRAVEL ITEM

Senator BALL. Yes; but that still leaves an awful lot of departmental traveling out of Washington.

Mr. GARLOCK. It leaves \$275,000 in round numbers.

Senator BALL. It still makes your travel cost out of Washington far more than they are out of all 12 regions put together. It does not make any sense to me. I thought the idea putting them out in the regions was so that you would not have to be traveling out of Washington so much.

Mr. GOODWIN. It is to cut down on it. There is no question about that. We are not counting on a great deal of travel out of the Washington office. It is necessary to do some.

Senator BALL. Sure, but with \$275,000 you can do an awful lot of traveling.

Mr. GOODWIN. When you do do it, it is more expensive than the regional office travel.

Senator McKELLAR. Why would that be?

Mr. GOODWIN. The distances are greater, sir.

Senator McCARRAN. It seems to me like there is a duplication of travel, if I catch the picture right. There is travel from the National Capital and there is travel from the field offices to cover the same ground for the same purpose.

To be frank with you gentlemen, I have always wanted to be helpful, but this thing is not clear to me at all. I hope someone can clarify it.

GENERAL ADMINISTRATION

HOUSE REDUCTION

Senator McKELLAR. How much did the House reduce your estimate?

Mr. GOODWIN. On the personal services they reduced it from \$3,912,000 to \$900,000.

Senator McKELLAR. That is a good reduction.

Mr. GOODWIN. Yes, sir. It wipes it out.

Senator McKELLAR. They did not seem to think much of it. Did you testify before them?

Mr. GOODWIN. Yes, sir.

Senator BALL. Did the House allocate the cut they made in travel appropriation for the Department? They cut that over a million dollars.

Mr. DODSON. The House did not allocate the cut. They left it up to the Department.

TRAVEL FUNDS INCLUDED ALSO IN GRANT APPROPRIATION

Senator KNOWLAND. Then, in the grants to the States, I understand there is also a travel item included, is there not, of \$2,149,797?

Mr. GARLOCK. That sounds like the right amount.

Senator YOUNG. When a regional officer is called to Washington, who do you charge the travel to—the regional office or to the Washington office?

Mr. GOODWIN. The regional office.

Senator KNOWLAND. Do you ever have the State people coming into Washington?

Mr. GOODWIN. Yes; they do come into Washington.

Senator KNOWLAND. That would be chargeable, then, to the State part of it.

Mr. GOODWIN. That is taken out of their whole budget when they come into Washington. They assist on the developments on this technical work.

Senator DWORSHAK. When were the regional offices created?

Mr. GOODWIN. They were created on July 1, 1939.

QUESTION AS TO FARM LABOR PROGRAM

Senator YOUNG. Mr. Goodwin, during the past 2 or 3 years or more, we have had this other employment service under the Extension Service of the Department of Agriculture. That program expires June 30. We have a bill pending now that would extend it to January 30, next. If that program is not continued, have you a provision in your budget to take over that Service?

I understand that bill would cost something like 10 or 12 million dollars.

Mr. GOODWIN. We have made no provision in this budget for that. It was still not certain what the Congress was going to do in relation to that program. We did discuss it with the House committee, and they advised us to come back to them if the Service were going to be returned to us. It looked at that time like it probably would be returned on January 1, next.

Senator McCARRAN. What service is that?

Senator YOUNG. The work of the Extension Service in the farm-labor program, specially supplying beet-sugar workers and seasonal workers.

Senator BALL. That is an importation of farm labor rather than farm placement. Is there a Federal appropriation for actual farm-placement work?

Mr. GOODWIN. It is both, sir. They have two programs in the Department of Agriculture, both of them emergency programs developed during the war, which have been authorized by appropriation legislation up to date. One of them is in the placement of domestic workers through the Agricultural Extension Service. The other one is the importation of foreign labor.

ESTIMATE OF NATIONAL UNEMPLOYMENT

Senator YOUNG. How many unemployed are there now in the United States?

Mr. GOODWIN. About 2,400,000.

Senator YOUNG. That is about the lowest figure we have ever had.

Mr. GOODWIN. We had a much lower figure during the war. We had a figure during the war down to as low as 800,000. That was under labor-market conditions where you had it controlled, and it was possible to reduce it much lower.

PERCENTAGE OF UNEMPLOYED VETERANS

Senator YOUNG. What percentage of that 2,400,000 which you just stated are veterans?

Mr. GOODWIN. There are about a million of that group, a little less than a million, who are veterans. The percentage of the veterans unemployed is much higher than nonveterans.

Senator YOUNG. These veterans would not be the type that could be expected to go into sugar-beet fields and do "stoop" labor or any of these other requirements you have now under the emergency program?

MIGRATION OF UNEMPLOYED

Mr. GOODWIN. You have got several kinds of problems involved in that, Senator. One of them is the location of these people. In general the unemployed, the groups of unemployed we now have, are located great distances away from where they are needed on this "stoop" labor you are talking about.

Senator YOUNG. It becomes necessary during all the seasons of the year to move these unemployed from one region of the United States to the other in order to meet the needs.

Mr. GOODWIN. Yes; but there is a type of labor that normally goes in for that type of work, and it does not include these unemployed veterans we are talking about.

Senator YOUNG. The number of laborers who will move from one part of the United States to the other is greatly reduced now; is that right?

Mr. GOODWIN. The number is reduced?

Senator YOUNG. Yes.

Mr. GOODWIN. Yes; it has been reduced greatly. I would say that one of the big factors in that is because of local opportunities for employment. That is one reason the number has been cut down a great deal.

Senator McCARRAN. Now, are you speaking of farm placement specifically?

Mr. GOODWIN. It includes both, farm labor and some of the labor involved in food processing, Senator, pretty much the same type of labor.

FIGURE ON NUMBER UNEMPLOYED

Senator THOMAS. How do you arrive at the number of 2,000,000 being unemployed?

Mr. GOODWIN. That is the estimate of the Bureau of the Census, sir.

Senator THOMAS. A good many are under the impression that the number of unemployed now is nearer $3\frac{1}{2}$ million and the number of unemployed veterans is $1\frac{1}{2}$ million. I know a columnist in the West gave such figures.

Mr. GOODWIN. Of course, this figure on the unemployed does not include the number of veterans in school. It includes only those unemployed in active search of work.

The figure I used of 2,400,000 is the estimate of the Bureau of the Census, which is based upon the sample census data, made I believe, on a monthly basis.

ESTIMATE OF JOB LISTINGS

Senator DWORSHAK. How many job listings do you have currently available?

Mr. GOODWIN. I do not know offhand what the figure on the job listing is.

Senator DWORSHAK. Do you have an approximate figure?

Mr. STOCKING. I would estimate it at three-quarters of a million.

(A subsequent check, after the hearings recessed, revealed that this number of openings constituted the flow for the month. The number on any one day amounts to half this total.)

PLACEMENTS MADE IN 1946

Mr. GOODWIN. The placements have been made by the Service. We made last year, the last calendar year, 7,100,000 placements.

Senator DWORSHAK. What is the nature of the three-quarter of a million job openings? You are unable to find persons to fill those jobs at the present time?

Mr. GOODWIN. No. Some of the openings we have had for a long time because of difficulty in filling them.

Senator DWORSHAK. Why cannot you fill them?

Mr. GOODWIN. The point I wanted to establish was that they are not all that kind. It is all kinds. There are some good jobs filled immediately, and there are some not so good from the standpoint of wages and working conditions, and they are more difficult to fill. We have them on the books for a longer period of time. Some of them we never can fill because they are substandard jobs.

Senator DWORSHAK. There are three-quarters of a million openings today for which there are no available personnel, notwithstanding that unemployment is approximately 2,400,000 in the country.

Mr. GOODWIN. No. I do not think that is a proper interpretation of the figures, Senator. As of today, we estimate there are three-quarter of a million job openings. Tomorrow some of those are going to be filled. We will have some new ones. The problem is one of a time lag in filling the jobs. Sometimes it takes a long time to fill some jobs and some of them can be filled very promptly. Sometimes it is a question of finding the person that will satisfy the employer. That is very frequently the case, getting someone who has the qualifications the employer is looking for.

To say that we have so many job openings at any given time does not mean you are not going to fill them if you have the opportunity to fill them.

Senator BALL. Normally you would have about a half a million job openings on your books, at least.

Mr. GOODWIN. Yes. It is just a part of the normal process.

Senator BALL. It is a little higher than normal.

Mr. GOODWIN. I would say that the condition is not an unhealthy one, at all, in the labor market as we have it today.

Senator DWORSHAK. I did not assume it was, but I was wondering why you could not currently fill those jobs. I can understand why now.

Mr. GOODWIN. We will fill most of them.

NUMBER OF JOB OPENINGS DOES NOT INCLUDE FARM JOBS

Senator BALL. That 750,000, however, does not include farm openings, does it?

Mr. GOODWIN. No. We are excluded from farm-placement work now. We did quite a bit of it up until January of this year on the basis of contract arrangements with the Department of Agriculture or with the individual State extension services. As of January 1, those were not renewed. I think there was one exception.

Senator BALL. Do you have any idea what the estimate of the number of job openings on farms would be at the moment?

Mr. GOODWIN. No. We are just at the verge of the season on farm work, and I am sorry I do not have the figures on that, but it would be going up very rapidly from here on to the end of the summer.

Senator YOUNG. I think in my State at this time of the year you handle all the farm placement and the Extension Service is not active right now. The Extension Service only takes part during the harvesting season, and you handle it all right now.

Mr. GOODWIN. That is the way it has been, Senator. That has been based in the last few years on a contract we had with them. Those

contracts were not renewed this last January, so that the Extension Service will be responsible for actually doing that job this season.

Senator YOUNG. All during the season now, too.

Mr. GOODWIN. That is, we would be required to pick it up as of July 1, unless Congress passes additional legislation. If you pass that bill you have had under consideration in your Agricultural Committee, it would be next January 1.

Senator BALL. Would not those contract arrangements now be made on a State basis rather than National?

Mr. GOODWIN. They were made on a State-by-State basis.

Senator BALL. Would you necessarily know about it if the State service had that kind of arrangement?

Mr. GOODWIN. We would, and that I believe was a requirement of the Department of Agriculture, that they be forwarded in here to the national office of the Extension Service and they required approval by the national office of the Extension Service and the national office of USES.

Mr. GARLOCK. There would be two other places, Senator. It would become an amendment to their plan of operation, something additional they plan to do; and the budget requirements will show other sources of revenue. They have to show it there.

Mr. KEENAN. In the States where there is a contract with the Extension Service, we would get placement statistics from the State agency on farm placement.

Senator KNOWLAND. You may proceed, Mr. Goodwin.

NEED FOR FIELD OFFICES

Mr. GOODWIN. In this country, with our vast geographical expanses and diverse labor-market problems, it would be costly and inefficient to attempt to maintain a Federal-State program of public employment offices without the assistance of our field offices. As a matter of fact, I know of no department of government or any private industry concerned with a program comparable to ours that attempts to conduct its activities without the advantage of field or branch offices. No economies would be effected if these offices were eliminated as recommended in the House report.

EFFECT OF ELIMINATING REGIONAL OFFICES

I would like to add here that if the regional office were eliminated, the same work would have to be done by field representatives traveling out of Washington. It is my considered judgment there would be no real saving of money. The net result could only be poorer service to the States.

Senator McKELLAR. You say there would be no saving of money. You asked for an appropriation of \$3,900,000, and the House allowed you \$900,000. Why would not that be a saving of money?

Mr. GOODWIN. If the regional offices are eliminated as recommended in the House report, that function would still have to be carried on, and it would mean we would have more people from Washington visiting the States and more travel in connection with it.

Senator McKELLAR. How are you going to get the money to pay for it? Suppose the Senate should concur with the House that this ought to be cut down to \$900,000. Are you going to spend it anyway in some other way, by getting the money in some way? Are you going to pay any attention to what Congress does?

You say there will not be any money saved. I think there is a great deal of difference between \$3,000,000 and \$900,000.

How are you going to get the money? You say there will not be any economy.

Mr. GOODWIN. Let me put it this way, Senator: Suppose that the \$900,000 were knocked out of the budget for the field offices and we were left \$3,000,000. We would still have to perform the function that is performed by the field offices and take it out of something else we do in here because that is one of the primary things we are responsible for doing.

Senator KNOWLAND. The auditing could be done by your Washington office.

Mr. GOODWIN. Yes; although it amounts to about the same thing, Senator, because we have to station those people out in the field when they are doing the auditing. That is where the work is done. They have to be stationed out there. Anything else just adds to your per diem cost and your travel cost.

Senator McKELLAR. Even if we do cut this down and take it out, it does not make any difference. It will not be any saving because you will spend the money from some other source; is that right? You will spend the money anyway, regardless of what Congress does?

Mr. GOODWIN. No, sir.

Senator McKELLAR. From the way you talked it made no difference what we did. You would just take another way and spend the money anyway. It would not be any saving to the Government. You would take it out of other funds. I thought that was what you meant.

Mr. GOODWIN. That was not what I meant, Senator.

Senator McKELLAR. Strange as it may seem, Congress still has something to do with it.

Mr. GOODWIN. They have everything to do with it, sir.

QUESTION AS TO ELIMINATION OF CERTAIN REGIONAL OFFICES

Senator YOUNG. Would it not be possible to eliminate some of these regional offices close to Washington without any injury to the program itself? I can see where you need regional offices in San Francisco, that vast area there, and I am wondering if you could not eliminate a few of these branch offices not far from Washington.

Mr. GOODWIN. You have got to divide the work up in any event. It would mean under those circumstances that we would have to have someone in the Washington office here who was responsible for a similar group of States.

Provided the Congress wants that kind of service given, I doubt if there would be any saving of money by doing that, sir.

Senator YOUNG. I would not want to curtail the service right now when we need it the worst. I think there is need of employment services now as was the case during the war because half of those unemployed are veterans who cannot be expected to take many of these jobs that are offered.

I was just wondering if there could not be some saving had by elimination of some of the regional offices.

Mr. GOODWIN. If any regional offices were to be eliminated, that would be the best place to do it, but if we are to carry on the functions and Congress decides they should be carried on, I do not believe we would make any saving by taking that action.

TYPE OF OFFICE QUARTERS FOR REGIONAL OFFICES

Senator KNOWLAND. In addition to having approximately 14 people in each of these regional offices, you have your rental. Do you have your own building or your own offices, or are you within the office of the Department of Labor?

Mr. GOODWIN. No; we are for the most part in private buildings. In some places, we are in Federal Government buildings. In either case, we are charged with the rental.

ITEM FOR RENTAL

Senator McCARRAN. What is your item of rental for the regional office?

Mr. GOODWIN. We will give that to you in just a minute, Senator.

Senator McCARRAN. There is only one office in each State at which these regional offices have contact.

Mr. GOODWIN. Yes; their contact is with the State administrative office.

Senator McCARRAN. There is one office in each State?

Mr. GOODWIN. That is right, although sometimes at the request of the State, the regional office personnel will go with the State people into a local office to give them some help on special problems.

RELATION OF REGIONAL OFFICES TO LOCAL EMPLOYMENT OFFICES

Mr. KEENAN. There are 1,800 local employment offices, and very often the State agency will call upon a regional office technician to go in and help them if they have a difficulty in one of the local offices. Perhaps that same regional man has made a study in another State and has picked up some information that State No. 1 would like to have. They will call that man in to make a survey of local office operations.

Senator McCARRAN. How frequently does that occur? It is rather infrequent; is it not?

Mr. KEENAN. It is a very frequent thing. We get requests from the State agencies continuously for that type of service. In fact, you will have two or three requests a week coming in for that type of service. Perhaps, the counseling service is bogging down at some big city office. They will call on somebody in the regional office who has been working in the field of counseling to come in with one of the State men and make a survey. That survey is made for the State agency, and they take the action on it.

A great deal of the staff time in the regional office is spent on that type of work. It is related to the budget insofar as the program activities are reflected in the budget.

We have found over the years in making the grants to the States that if we cooperate with the States in planning their budgets, we do not get into an argument about the Federal-State relationship when we review the budgets.

ASSISTANCE TO STATE AGENCIES IN PREPARING BUDGETS

Technical service is item No. 1, and item No. 2 is working on a day-to-day basis with the State agencies in preparing their budget requests so, that at the time the budget is formally submitted, there is a pretty good understanding between the regional office staff in the field and the State agency as to the fiscal requirements of the State for the different phases of the program.

It is those two things that occupy much of the staff time of our people in the field offices. There are others, but those are the two primary ones.

Senator McCARRAN. It seems to me that in a short time this would work itself out so that it would be a fixed proposition. You would not have to go over it again one year after the other. Surely there must be a time when you wear out these so-called problems that arise in the matter of the budget.

Mr. KEENAN. I think some of us have thought it would level out, but it never seems to. It is a constantly fluctuating thing. The conditions in the labor market are constantly changing. The program has been changing. It is never normal. It is either going up or coming down.

Senator McCARRAN. The method of making out the budget?

Mr. KEENAN. It is not the method as much as the content of the individual budget. The State will want to go off on some new program and start something new. They will discuss with the Federal representatives, the costs involved. It is that type of thing more than the method.

QUESTION OF ONE FEDERAL REPRESENTATIVE IN EACH STATE

Senator McCARRAN. Suppose you had one man for each State, out of the Federal office, out of the Capital office, one man for each State. That would be 48 men that would travel out of this office. They would be contact men between the State offices and the Federal offices. Would not the cost be much less in maintaining that than these 16 or 17 regional offices, including the travel of the one man from Washington to the respective States?

Mr. KEENAN. If that man was constantly in a travel status, there would be some functions he could not perform. He could probably handle a great deal of the budget functions. In fact most of the regional offices break their forces down so that they have one staff man responsible for the budget of each State in the region.

But, for example, we have the clearance of labor in addition to that. We have two people in each regional office engaged in clearance activities, that is the clearance of migratory labor and the day-to-day clearance of skilled, unskilled, and professional workers. That is a very difficult system to handle by anyone in travel status. You need an office, orders coming in and orders flowing out. Actually, it is a pyramid type of system that we have now where the 48 States use

as clearance points the 12 regional offices with the final clearance point in Washington. It is a mechanical proposition with papers flowing back and forth.

If an order comes from the State of New York for a skilled worker, you channel that order throughout the country and you channel your referrals so that you do not have 10 men going to the job instead of 1 or 2.

That is one of the mechanical jobs performed in the regional office, and it takes an average of two people in each region. It would be hard to do this with people in travel status.

If the regional offices were eliminated, we don't know how we would handle this through Washington.

Senator McCARRAN. How about doing away with the Washington office and putting it all in the regional offices?

INTRA-REGIONAL CLEARANCES

Senator BALL. What percentage of your interstate clearances are actually intraregional in that they never come to Washington, never have to be cleared nationally, just from one State to another State in the same region?

Mr. KEENAN. It is the bulk of it. I could not give you the exact percentage. I could check it.

Senator BALL. The majority of them?

Mr. KEENAN. The majority of them.

Mr. GOODWIN. I think your question was how many of them did not come to Washington.

Senator BALL. Did not come to Washington, that were intraregional.

Mr. KEENAN. The majority stay in the field. You get your highly skilled and professional worker, scientific openings and that type of thing, where the greater percentage come to Washington, but that is not the bulk of our business. The bulk items, skilled, semiskilled, unskilled labor, your so-called rural industries—that is the labor transferred across State lines on cannery operations and the like—are handled almost entirely in the field. In other words, one of the regional office people will follow the labor flow through the beet fields, right across the State lines. It is handled within the regional office structure. It never comes to Washington at all.

That is true in California on that phase of program where we handle rural industries and not farm labor. The flow of labor in areas like California, Washington, Oregon, Arizona is handled exclusively by our regional office in San Francisco. We seldom get into it.

Senator DWORSHAK. Mr. Goodwin, the State employment services came under Federal control and operation as of January 1, 1942?

Mr. GOODWIN. Yes, sir.

QUESTION AS TO FEDERAL COST TO OPERATE USES PRIOR TO FEDERAL GOVERNMENT TAKING OVER STATE OFFICES

Senator DWORSHAK. Can you give me the comparable figure for the budget of the USES for the fiscal year 1941, prior to the time the State employment offices were taken over and supervised?

Mr. GOODWIN. I think Mr. Garlock can give you that information. We furnished some tables here.

Mr. GARLOCK. In 1941, the year that it was federalized, the appropriation was in two parts: There were \$3,000,000 in matching money and then the title III funds.

Senator DWORSHAK. I want the year prior to the time they were taken over. Would not that be fiscal year 1941?

Mr. GARLOCK. Yes, sir; but the same condition exists. There was an appropriation for \$3,000,000 for matching purposes, and then there was an appropriation under title III that covered employment service and unemployment compensation.

Senator DWORSHAK. I want a comparative figure which might give us an idea how much it required to operate the Federal functions of the USES in the year prior to the time when supervision was taken over by the State employment offices. Do you have that comparative figure?

Mr. GARLOCK. No, sir.

Mr. GOODWIN. It is not available because it was mixed up with unemployment compensation. At that time the Employment Service was in the Social Security Board and there was no separate appropriation for it.

Senator DWORSHAK. So we are unable to make any reliable comparison then as between what is required now after the State employment service offices have been returned to the respective State and the time prior to 1942 when Federal control was taken over.

NUMBER OF FEDERAL EMPLOYEES PRIOR TO FEDERAL OPERATION

Mr. GOODWIN. We have some figures for the number of employees that were involved.

Senator DWORSHAK. How many were there?

Mr. GOODWIN. For the years 1939 and 1942, I believe.

Senator DWORSHAK. Substantially only on the work of the USES, not unemployment or any other activity.

Mr. GOODWIN. Yes.

Senator DWORSHAK. How many personnel?

Mr. GOODWIN. Your question was directed to the people on the Federal end?

Senator DWORSHAK. Just the Federal end which would be comparable to the service which you will now be required to render after the employment services have been returned to the respective States.

Mr. GOODWIN. For 1939 the figure was 720 employees. For 1940 it was 648. For 1941 it was 1,095.

Senator DWORSHAK. In 1947 you have currently 867.

Mr. GOODWIN. That is right.

Senator DWORSHAK. That actually shows a material reduction then in 1947 personnel for general administration as compared with 1941, is that right?

Mr. GOODWIN. That is right.

COMPARISON OF SERVICES BEING RENDERED

Senator DWORSHAK. Were there any more services rendered at that time?

Mr. GOODWIN. No. As a matter of fact, I think that we are rendering more now than we were then. We have at least two functions that were not performed then. One is the national roster in which

there are only 34 people involved. The other new function we have is the one that was prescribed in the GI bill of 1944 of employment counseling. We had not yet taken that program on prior to the war.

Senator DWORSHAK. Would the prewar figure of 648 be comparable to the 1947 figure of 867? Were you rendering as much service then as you are rendering now?

Mr. GOODWIN. We are rendering more service now than we were then. One of them is on this counseling program, and the other is the roster. Those two specific things have been added since.

I want to say, Senator, that those two figures I gave you are exclusive of the Veterans' Employment Service, but they are comparable.

Senator DWORSHAK. That is what I want.

DATA REQUESTED ON STATE OFFICES PRIOR TO AND SUBSEQUENT TO FEDERAL CONTROL

Senator KNOWLAND. I do not know whether you could supply it for the record now, but if not, if you will see that we get it, I would like to get figures on the number of employees, the total salaries, and the average salary of State offices at the time they were first transferred to the United States Federal Service, upon their return to the States, and what they are now. I assume you have those figures.

Mr. GOODWIN. In the States?

Senator KNOWLAND. In the States.

Mr. GOODWIN. Do we have that last one as to what they are now?

Senator KNOWLAND. You ought to know the figures, should you not?

Mr. GOODWIN. We will know when we process these new budgets that have come in, Senator. We have about 40 of the 48 budgets in, or 51 budgets we get. I am just asking to find out whether the processing of those budgets has gone far enough along so that we would actually have what the salaries are now.

Mr. GARLOCK. I supplied the clerk with a statement on that.

Senator KNOWLAND. That was 1943, 1946, 1947, 1948.

Mr. GARLOCK. The fiscal year 1943 was July 1, 1942. That was 6 months.

Senator KNOWLAND. What about 1942? You did not get the 1942 figure.

Mr. GARLOCK. I just learned about this request last evening. I will supply that additional information.

(The information is as follows:)

Personnel, State and local employment offices, 1939-41, 1946-48 fiscal years

1939-----	17,808	1946-----	26,657
1940-----	18,430	1947-----	25,787
1941-----	20,910	1948-----	24,180

AVERAGE ANNUAL SALARIES, STATE AND LOCAL OFFICES

1942 ¹ -----	\$1,900	1947 ² -----	\$2,222
1943 ¹ -----	1,921	1948 ² -----	2,470
1946 ² -----	2,030		

¹ Based on actual expenditures.

² As submitted in annual appropriations.

GRANTS TO STATES FOR EMPLOYMENT SERVICE 1939-41

Senator BALL. While we are on those figures, can you tell us what the grants to the States were for the employment service in 1939, 1940, and 1941, fiscal?

Mr. GARLOCK. From 1939 until 1942, they are mixed up with the unemployment compensation grant, and we have tried to get a reliable estimate out of it, and we have been unable to do so.

Senator BALL. Were they separate at any time before that?

Mr. GARLOCK. They were separate prior.

Senator BALL. Have you got it for fiscal 1938? It was in the Labor Department originally and was transferred to the Social Security Board and during the war back to the Labor Department, is that right?

Mr. GARLOCK. It started in 1933 in the Department of Labor. It remained there until 1939 when it was transferred to the Social Security Board, and remained there until January 1, 1942, when it was federalized—in September 1942 it was in the War Manpower Commission.

Senator BALL. What is the last year in which the grant to the States for maintaining this service was made separately?

Mr. GARLOCK. You have to go back a little bit there. It was originally financed as a Federal-State system, coming out of emergency funds for the National Reemployment Service. As the unemployment compensation system came into being the National Reemployment Service funds were withdrawn and title III funds were put in. That was a gradual process, beginning, as I recall, in January 1937 and from then until 1939 it was financed out of the three appropriations.

Senator BALL. Have you got the total of the State services in 1938? Can you separate it out?

Mr. GARLOCK. No, sir.

Senator BALL. It was commingled in with employment compensation. It was not over \$40,000,000, was it?

Mr. GARLOCK. No, sir; I do not think so.

Senator BALL. It was around \$36,000,000, or something like that at the most.

Mr. GARLOCK. I think that is right.

AMOUNT ALLOWED BY HOUSE FOR GRANTS TO STATES, FISCAL YEAR 1948

Senator BALL. What I was getting at, I noticed that the House did not touch this grant to the States, \$71,728,000. That is the figures recommended by the USES to the Budget Bureau?

Mr. GOODWIN. That is right, sir.

Senator BALL. And that is, as I figure it, an increase of about 5 percent over what they got for the last 7½ months of this year.

Mr. GOODWIN. It is a slight increase, based upon increased costs of operation. As a matter of fact, it would provide for less personnel than last year, but the costs of that personnel have gone up.

INCREASE IN STATE SALARY SCALES

The State salary scales generally have gone up, so that the increased cost there is entirely in terms of the increased cost of salaries and other operating costs.

Mr. KEENAN. About half a million dollars in payments in the State retirement funds, and about half a million in the costs of State civil service, and the remainder is the difference in salaries.

DECREASE IN PERSONNEL FOR 1948

It provides for 2,000 people in the State agencies, less than this last year, a decrease of 2,000.

Mr. GARLOCK. The salary increase alone amounts to \$5,900,000.

Mr. GOODWIN. The job to be done now, is much larger than it was prior to the war. The labor market is a very active one now. There is a lot of turn-over. We have to handle an increased veterans' placement problem.

Senator BALL. That is a separate picture, is it not?

Mr. GOODWIN. You mean the veterans' placement?

Senator BALL. Separate from your placement.

Mr. GOODWIN. Yes. The States and the part they play is not separate.

Senator BALL. It is in this \$71,000,000?

Mr. GOODWIN. The parts the State plays is in this \$71,000,000.

Senator DWORSHAK. Did you say this \$5,000,000 represented pay increases?

Mr. GOODWIN. Increases of pay in the States.

STATE WAGE SCHEDULES

Senator DWORSHAK. The States operate on Federal wage schedules?

Mr. GOODWIN. No.

Senator DWORSHAK. The various States set their own salary schedules?

Mr. GOODWIN. Yes. The salary schedules for the employment service people in the State are tied to the general salary scale for the State. Whatever they pay a stenographer for one department of the government they pay for another.

Senator DWORSHAK. With virtually no relationship to the Federal standards for comparable jobs and positions?

Mr. GOODWIN. There is no relationship at all.

Senator DWORSHAK. Was there any at the time the State employment service was federalized?

Mr. GOODWIN. No. We continued at that time to keep the salaries on the same basis.

Senator DWORSHAK. You mean on their own State basis or comparable with the Federal basis?

Mr. GOODWIN. State basis.

ARGUMENT THAT STATES COULD OPERATE SERVICE MORE ECONOMICALLY

Senator BALL. Was not one of the arguments in the last 2 years for returning this service to the States that they could run it for much less money, more economically than the Federal Government?

Mr. GOODWIN. Yes, sir. That was one of the arguments advanced.

Senator BALL. Why are we giving them then, 5 percent more than they got last year, if we are trying to reduce Federal appropriations?

Mr. GOODWIN. The cost went up. Perhaps, that lets them out on the statement, Senator.

Senator BALL. The story we heard, over and over again, from these State officials, of those organizations, that appeared on all the bills, both the legislative bill and the appropriation act, was that the Federal Government had overloaded the State service with employees that they did not need, and when we returned it to the States they would run it for much less money.

Personally, I think we ought to give them a chance to do it.

Mr. GOODWIN. My belief is that with the problems facing us in the next year, they will need what has been recommended here. Of course, I did not ascribe to the theory they could run it more economically, and perform the same service.

Senator BALL. That was the story sold to Congress.

QUESTION AS TO MORE WORK THAN IN 1940

I do not quite get your statement that there is so much more work now than there was, say, in 1940. Actually, you have only 2,400,000 unemployed looking for jobs.

It is true you probably have more job openings. But the task of placing people is a much simpler one today than it was in 1940, it seems to me.

Mr. GOODWIN. I do not believe it is, Senator, because there are so many people that have difficult placement problems now. We have a hard corps left, a group that had no particular training before they went into the service. We have a lot of people who developed skills during the war that cannot be used directly now, and there is an awful lot of turn-over and shifting within the labor market.

I think that that, coupled with the fact that the Employment Service today is handling a bigger part of the total placement load than they ever handled in its whole peacetime history before, to me is important.

Now, that is to be encouraged, I think, if you want to cut down on unemployment compensation costs. The larger amount of business, the more confidence the Employment Services receives from the employers, and the more orders that are placed with it, the more you are going to cut down the unemployment compensation costs.

NUMBER OF PLACEMENTS LAST YEAR

As I indicated a while ago, we made 7,100,000 placements last year. The Employment Service never even approximated that in any previous peacetime year. I think that is a big contribution, and I think it is a big contribution in the cost of unemployment compensation, among other things.

If you do not do anything but cut the time down by one week, in looking for a job, you can add up a tremendous figure of saving on unemployment compensation alone.

So that, if they use this money wisely, which I actually expect them to do, I think it is going to be an economy rather than a waste of funds.

QUESTION AS TO WHY MATCHING BY STATES SHOULD BE POSTPONED
UNTIL 1949

Senator KNOWLAND. Is there any good reason that you know of why the matching by the States should be postponed until 1949?

Mr. GOODWIN. That question came up, Senator, in the House hearing.

Now, the States took this position, which we do not concur in: They said that Congress had given indication that they were going to change this whole basic financing system, that it did not make any sense on that basis for them to go to their State legislatures and get funds for this matching provision if the Congress was going to change it in the next year or two. The Congress last year on that same theory postponed the State matching for 2 years.

Now, the State legislatures—there are about 40 or 42 of them, that were in session beginning around January of this year. Next year there will be only a handful, six or eight, something like that. So that, unless they dealt with it this year, they would not be able to, until the year after next—

Senator KNOWLAND. Unless they go in special session.

Mr. GOODWIN. That was the theory on which it was recommended.

Senator BALL. Were they not on notice, in the bill, that there would be some matching required after July 1 of this year?

Mr. GARLOCK. No indication of the amount.

Senator BALL. The amount was never very much; was it?

Mr. GARLOCK. I believe the original provision for the 3 million matching would expire, and Congress would indicate the amount to be matched.

POSITION TAKEN BY STATES THAT TAX COLLECTED IS TO FINANCE ADMINISTRATIVE COSTS OF UNEMPLOYMENT-COMPENSATION PROGRAM

Mr. GOODWIN. Of course, this is one item on which the States feel very strongly, Senator. The Social Security Act provides for a Federal tax of three-tenths of 1 percent. The States have always kept the theory that the purpose of that tax was to finance the administrative costs of this program and the unemployment-compensation program. They have resisted substantial State financing of either of those State programs, because of that fact.

Actually, the money is collected as an out-and-out Federal tax, it is covered into the Federal Treasury, and it is appropriated out. On a technical basis, it is handled just like you handle these other appropriations. But they maintain that as long as that tax is on the books that the Federal Government has a responsibility to finance the entire system.

AMOUNT OF REVENUE FROM TAX

Senator BALL. What is the revenue from that; three-tenths of 1 percent?

Mr. GOODWIN. The revenue has, over the years, been considerably more than has been expended in administrative costs of both unemployment compensation and the Employment Service program.

Senator BALL. What is it a year now?

Mr. GOODWIN. It is running about \$175,000,000 now.

AMOUNT OF GRANTS FOR UNEMPLOYMENT COMPENSATION

Senator BALL. How much are the grants for unemployment compensation?

Mr. GOODWIN. It is in the bill.

Mr. KEENAN. \$59,000,000.

Mr. GOODWIN. The two of them this year would be below the amount collected from the tax.

Mr. KEENAN. \$57,500,000.

SIZE OF STAFF REQUESTED FOR UNITED STATES EMPLOYMENT SERVICE

Mr. GOODWIN. To carry out its responsibilities, the United States Employment Service is requesting a departmental staff of 718 professional and clerical personnel and a field staff of 175, in addition to a departmental staff of 32 and a field staff of 644 for the Veterans' Employment Service.

INCREASE REQUESTED FOR CONTINGENT EXPENSES

We are also asking for the restoration of \$613,670 for contingent expenses, travel, printing and binding, and penalty mail.

The failure to provide funds required by the United States Employment Service to carry out our statutory obligations in the appropriation bill passed by the House, would make it necessary for the States to undertake the development of technical materials and procedures independently and would involve duplication of effort and increased costs if the materials were developed at all.

DIFFICULTY IN STATES RENDERING CERTAIN TECHNICAL SERVICES

As a matter of fact, certain of these technical services we render cannot be carried on by individual States, regardless of the grants made to them. One of these is the national collection, analysis, and distribution of labor-market information reflecting employment trends and job opportunities, hiring specifications, and conditions of work on an occupational, industrial, and area basis.

Such information is used by local employment offices in all States in connection with employment counseling and placement service activities and by employers, labor organizations, and community groups concerned with location of plants and employment stabilization.

DICTIONARY OF OCCUPATIONAL TITLES

Similarly, no State could successfully develop the equivalent of the Dictionary of Occupational Titles which we prepare and maintain and in which the Federal Government has invested millions of dollars. By the very nature of the work involved, each State would be restricted

at best to job descriptions and definitions found within that State. The cost of preparing such materials as well as preparing aptitude tests, trade questions, and employment interviewing aids would be increased enormously.

The dictionary includes job information for some 25,000 occupations, and is a basic working tool and reference source in every employment office throughout the country. Almost 75,000 copies have been purchased by private industry, schools, libraries, and counseling organizations.

In the testimony presented before the subcommittee of the House of Representatives on February 3, 1947, the State administrator for Minnesota, Mr. Victor Christgau, an outstanding administrator and a former Member of Congress, stated:

If * * * you saw the use to which the dictionary is put, you would think as I think, that it was one of the most outstanding things done by the Employment Service in recent years. * * * I do say that the Occupational Dictionary has been a great contribution to our country.

It would be impossible for the States independently to maintain an adequate system of clearing labor across the State lines.

MANUAL OF EMPLOYMENT OFFICE OPERATIONS

To take another example, the Manual of Employment Office Operations, which is prepared and maintained by the United States Employment Service, is a basic document setting forth recognized and tested employment office practices and has been adopted by all local offices in 44 States without change or modification and with only minor changes in the remaining States.

EFFECT OF DISCONTINUING PERFORMANCE OF CERTAIN TECHNICAL SERVICES BY FEDERAL GOVERNMENT

The discontinuance of this type of work by the United States Employment Service would compel each State to undertake the preparation of manual material at a considerable cost and without the opportunity to take advantage of improved and tested operating practices developed in other States.

Most Federal agencies which have responsibilities for administering grants to States are concerned primarily with individual State programs. In this respect, the statutes which govern the activities of the United States Employment Service exceed those placed upon most agencies administering grants to States. The report of the Committee on Appropriations of the House of Representatives on H. R. 2700, however, states:

It impresses the committee that the functions to be performed by the United States Employment Service are no greater or much different from those performed by the Bureau of Employment Security in the Social Security Administration which administers the unemployment compensation program.

I have no doubt, on the basis of my former connection with that program, that the Bureau of Employment Security needs all the funds it originally requested. I must point out, however, that a review of the responsibilities for the administration of the unemployment compensation program as set forth in the Social Security Act reveals many important differences from the responsibilities placed upon the United

States Employment Service by the Wagner-Peyser Act. That act requires the United States Employment Service to maintain a national system of employment offices; coordinate the activities of these offices; and help them to increase their effectiveness, as I have already indicated. It seems to me that it is only reasonable that the funds needed by each agency should be determined on the basis of its responsibilities.

FUNDS ALLOWED BY HOUSE FOR GENERAL ADMINISTRATION INADEQUATE

The funds provided for in the bill passed by the House of Representatives are wholly inadequate for carrying out United States Employment Service responsibilities which go far beyond budget administration and fiscal management, as I have previously stated. Moreover, a review of the organization of the Federal Security Agency will also reveal that many of the functions of a business administration and fiscal management character are provided to the Bureau of Employment Security by other bureaus and organizational units of the Federal Security Agency.

All funds for these purposes needed by the United States Employment Service and the Veterans' Employment Service are included in the United States Employment Service budget request and do not appear elsewhere.

In view of the statutory responsibilities the United States Employment Service is obliged to carry out, I am respectfully requesting this committee to earnestly and carefully review the original budget request as submitted to the Congress.

Thank you very much, Mr. Chairman.

DATE FOR NOTIFYING EMPLOYEES OF DISMISSAL WHOSE TERMINAL LEAVE MUST BE PAID FROM 1947 FUNDS

Senator KNOWLAND. When would the personnel be separated in order to be paid for terminal leave out of current appropriations? When would they be notified?

Mr. GOODWIN. About the 5th of May.

Senator KNOWLAND. Have notices been given as yet?

Mr. GOODWIN. No, sir.

BREAK-DOWN REQUESTED ON TECHNICAL SERVICES

Senator BALL. Have you anywhere, Mr. Goodwin, a break-down of what your expenditures this year are for functions like auditing this technical services preparation, this dictionary, this roster, and interstate clearance, by functions, what you are spending this year and what you requested in the budget estimates, and how the House cut would affect it, so that we can make some kind of a decent judgment?

Mr. GOODWIN. Yes; we can furnish that. I can indicate very quickly to the committee how this would break down for these functions I have indicated in our budget request.

(The matter referred to follows:)

The following detailed break-down distributing positions in accordance with functions carried on by the United States Employment Service is being submitted in accordance with the request of Senator Ball at the hearings April 8.

The distribution of positions and funds corresponds to the grouping of functions contained in Mr. Goodwin's statement to the committee. A further description of these responsibilities and activities may be obtained by referring to the corresponding sections of Mr. Goodwin's statement.

Distribution of positions and functions of the USES on a functional basis

	Persons	Amount
I. MAINTAIN COORDINATED NATION-WIDE SYSTEM		
Policy review and approval.....	11	\$60, 215
Summary of local office work load and State administrative actions.....	30	152, 767
Overhead business management and personnel services.....	15	47, 775
Regional offices, personnel for this function.....	42	237, 284
II. PROGRAM MATERIALS AND PROCEDURES		
Manual preparation, standards and methods and technical program material.....	76	397, 626
Methods for collection of uniform reports, analyze employment conditions and opportunities for exchange among local offices.....	86	346, 059
Occupational analysis.....	192	383, 135
Dictionary.....	62	255, 258
Overhead business management and personnel services.....	61	224, 840
Regional offices, personnel for this function.....	49	273, 280
III. MAINTAIN SPECIFIED PLACEMENT SERVICES		
Interstate clearance.....	49	216, 603
National roster.....	38	133, 966
Overhead business management and personnel services.....	31	114, 213
Regional offices—Interstate clearance.....	24	99, 552
IV. BUDGET ADMINISTRATION AND FISCAL MANAGEMENT		
State personnel standards.....	23	113, 403
State budget review and processing.....	31	146, 280
Preparation of labor market outlook for use of States and review of State work-load estimates.....	24	96, 576
Auditing State expenditures.....	14	52, 140
Overhead business management and personnel services.....	65	212, 566
Regional offices, personnel for this function.....	60	316, 760

Special attention is called to the fact that \$183,000 for printing the dictionary was cut from the appropriation bill as passed by the House. These funds, which are included in the departmental appropriations request for printing and binding, would have to be specifically restored if the urgently needed revision of the dictionary would be published in 1948.

MAINTENANCE AND COORDINATION ACTIVITIES

On the first function that is listed in the Wagner-Peyser Act, having to do with maintenance and coordination activities of the Nation-wide system, that involves a number of functions which I listed. We would have 98 professional and clerical people involved in that function, both headquarters and field; 42 of those would be in the field.

Senator McCARRAN. You would have. What do you mean by that? You would have under what condition?

Mr. GOODWIN. If this appropriation were approved.

Senator BALL. That is the budget estimate?

Mr. GOODWIN. Yes.

Senator McCARRAN. If the budget estimate were approved.

Mr. GOODWIN. Yes.

Senator BALL. Do you have the figures on what you spent?

Mr. GOODWIN. I cannot give those to you offhand. We could furnish those to you.

EFFECT OF HOUSE REDUCTION

Senator McCARRAN. How much would that be cut down under the House bill?

Mr. GOODWIN. If the House bill prevails, we would be able to keep on the rolls about 200 people, all told. That would be just enough to perform the fiscal end of the job, the allocation of the funds, the auditing, and keeping the financial records.

Senator THOMAS. Where would the public get the benefit of that program, if you had just enough money to pay for the men to spend the money? Where would the public benefit in this case?

Mr. GOODWIN. I think if that were the case, Senator, that there would be a deterioration of these services that are performed in the local offices.

Senator THOMAS. That is obvious; that would be true.

Mr. GOODWIN. The whole system now depends on that. That is the way it has been built up over the years. The technical part of this job from the beginning in 1933 has been done by the Federal Government, and if we get only \$900,000 for this program that work just cannot be continued.

PRIOR APPROPRIATIONS FOR GENERAL ADMINISTRATION

Senator McCARRAN. How often since your first appropriation has it been less than \$1,000,000?

Mr. GOODWIN. There was a million dollars appropriated for the Federal end of this in 1933 when the act was originally passed.

Senator McCARRAN. Then in 1934 how much was it?

Mr. GOODWIN. Have you those figures?

Mr. GARLOCK. Yes. The funds available to the headquarters staff for the year 1934 was \$455,985; 1935, I could not find any figures for that year; 1936, \$1,173,760; 1937, \$1,448,720; 1938, \$1,711,612; 1939, \$1,388,350; 1940, \$1,142,640.

Senator McCARRAN. Keep right on, if you have them, to date. How much in 1942?

Mr. GARLOCK. Then USES was financed through the War Manpower Commission Administration.

Senator McCARRAN. Continue from 1941 to 1946.

Mr. GOODWIN. 1942, \$1,512,445; 1943, \$16,006,402; 1944, \$14,449,000; 1945, \$16,036,250; 1946, \$11,732,000; fiscal 1947, \$8,319,910.

Senator McCARRAN. Generally speaking, it was less than \$2,000,000 before the war, and a larger sum during the war.

Mr. GOODWIN. Yes, sir.

Of course, it was on a much lower pay scale.

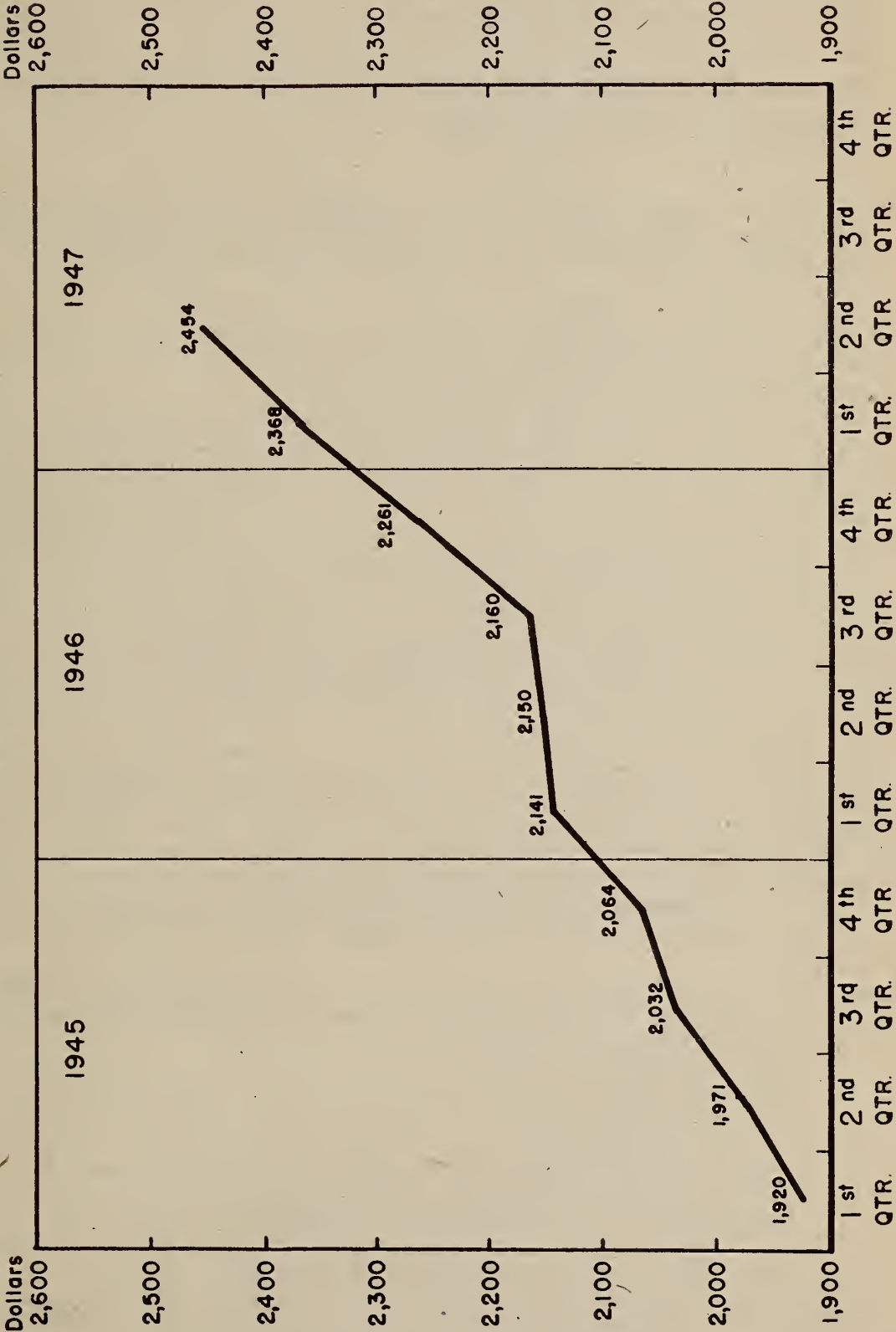
Senator KNOWLAND. Was this chart prepared by you?

Mr. GOODWIN. Yes, sir.

Senator KNOWLAND. Put it in the record.

(The chart is as follows:)

TREND OF AVERAGE ANNUAL SALARIES
STATE AND LOCAL OFFICES



VETERANS' EMPLOYMENT SERVICE

Mr. GOODWIN. Mr. Chairman, as I indicated to you, Mr. Faulkner is here, who is Chief of the Veterans' Employment Service. He would like to have the opportunity to speak.

Senator KNOWLAND. Very well.

Mr. FAULKNER. Mr. Chairman, I have a digest of the larger statement.

Senator KNOWLAND. You can put your full statement in the record and then proceed with the digest.

(The statement is as follows:)

STATEMENT OF PERRY FAULKNER, EXECUTIVE SECRETARY OF THE VETERANS' PLACEMENT SERVICE BOARD AND CHIEF OF THE VETERANS' EMPLOYMENT SERVICE TO THE SENATE SUBCOMMITTEE ON LABOR—FEDERAL SECURITY APPROPRIATIONS

The appropriation requested for salaries and other objects for veteran activities of the Veterans' Employment Service was \$2,650,600. The House approved \$1,756,800. The amount which we request the Senate to restore to this appropriation is \$893,800 for salaries and other objects.

In the enactment of the provisions of title IV of the Servicemen's Readjustment Act of 1944 (Public Law 346), Congress declared as its intent and purpose that there should be set up an effective job-counseling and employment-placement service for veterans and that to this end policies shall be promulgated and administered so as to provide for them the maximum of job opportunity in the field of gainful employment. For this purpose there was created to cooperate with and assist the United States Employment Service a Veterans' Placement Service Board. The Present chairman of this Board is Gen. Omar Bradley, Administrator of Veterans Affairs. Gen. Lewis B. Hershey, Director of the Selective Service System, and the Honorable Lewis B. Schwellenbach, Secretary of Labor are the other members. This Board is charged with determining all matters of policy relating to the Veterans' Employment Service of the United States Employment Service.

The chairman of the Veterans' Placement Service Board was given direct authority and responsibility for carrying out its policies through the veterans' employment representatives in the several States. This authority has been delegated to Mr. Perry Faulkner, executive secretary to the Veterans' Placement Service Board and Chief of the Veterans' Employment Service. The veterans' employment representatives in the several States are charged specifically by title IV of the Servicemen's Readjustment Act of 1944 as follows:

In cooperation with the public employment service staff in the State he shall—

(a) be functionally responsible for the supervision of the registration of veterans in local employment offices for suitable types of employment and for placement of veterans in employment;

(b) assist in securing and maintaining current information as to the various types of available employment in public works and private industry or business;

(c) promote the interest of employers in employing veterans;

(d) maintain regular contact with employers and veterans' organizations with a view of keeping employers advised of veterans available for employment and veterans advised of opportunities for employment; and

(e) assist in every possible way in improving working conditions and the advancement of employment of veterans.

Section 605 of the Servicemen's Readjustment Act of 1944 assigns budgetary responsibility to the Board as follows:

The Board through its executive secretary shall estimate the funds necessary for the proper and efficient administration of this title; such estimated sums shall include the annual amounts necessary for salaries, rents, printing and binding, travel, and communications. Sums thus estimated shall be included as a special item in the annual budget of the United States Employment Service. Any funds appropriated pursuant to this special item as contained in the budget of the United States Employment Service shall not be

available for any purpose other than that for which they were appropriated, except with the approval of the Board.

Veterans' employment representatives and assistant veterans' employment representatives of the respective States are charged with the functional supervision of the registration of veterans in local employment offices for suitable types of employment and for placement of veterans in employment. Their duties further involve securing and maintaining information as to the types of available employment in public works and private industry or business as well as promoting the interest of employers in employing veterans. To fully discharge their responsibilities it is necessary that regular contact be maintained with employers, veterans' organizations, community organizations and groups, State agencies, county and local officers and other Federal agency representatives with the specific view of keeping employers advised of veterans available for employment and veterans advised of opportunities for employment. The complete and successful discharge of these duties is absolutely essential to the maintenance of an adequate program to provide adequate service to veterans.

In March of 1946 the Veterans' Placement Service Board, in order to adequately carry out the provisions of the Servicemen's Readjustment Act of 1944, deemed it necessary to materially increase the field staff of the Veterans' Employment Service. It was only after careful planning that the additional field staff was requested of the Bureau of the Budget. This additional staff was to include a few more assistant veterans' employment representatives in those States where the necessity warranted, but in the main the requested personnel, which are now called field assistants, were to be located in strategic areas throughout the various States and their duties were to locate job opportunities for veterans. However, the actual placements were to be made by the local employment offices as the Veterans' Employment Service had no desire whatsoever to attempt setting up its own employment service.

The headquarters' staff very carefully planned, with the assistance of each individual State veterans' employment representative, the areas wherein the selected field assistants were to work. Vigilance has been maintained at all times to insure that the individual worked within his assigned area. The number of field assistants requested for their respective States was planned on a basis of 1 to every 30,000 veteran World War II population. Following this plan of expansion, the Veterans' Employment Service in March of 1946 requested approval from the Bureau of the Budget the following positions for the fiscal year of 1947:

Field: 1,029 positions, at a cost of_____	\$3, 101, 750
Department: 66 positions, at a cost of_____	241, 529
Total (1,095) _____	3, 543, 279

The Bureau of the Budget did not approve the Veterans' Placement Service Board's expansion request. However, the Appropriations Committee of Congress granted the following positions:

Field: 738 positions, at a cost of_____	\$1, 924, 405
Department: 57 positions, at a cost of_____	171, 990
Total (795) _____	2, 096, 395

The Veterans' Employment Service, by exercising extreme conservatism in recruiting practices and observing economical management procedures, was able to successfully meet the ever-increasing demands being made upon it as of the first of the calendar year of 1947. However, it was apparent that the excellent record of job placements for veterans could not be maintained with the then current Veterans' Employment Service staff. The Veterans' Placement Service Board therefore, after careful study, again recommended to the Bureau of the Budget in February of this year substantially the same addition in personnel as was made last year.

For the fiscal year 1948 the following positions were requested of the Bureau of the Budget:

Field: 1,005 positions, at a cost of_____	\$3, 263, 446
Department: 57 positions, at a cost of_____	209, 044
Total (1,062) _____	3, 472, 490

The Bureau of the Budget recommended that Congress grant to the Veterans' Employment Service the following:

Field: 644 positions, at a cost of_____	\$2, 521, 697
Department: 32 positions, at a cost of_____	128, 799
Total (676)_____	2, 650, 496

After the above-cited funds were made available last summer for the operation of the Veterans' Employment Service during the fiscal year 1947, a careful survey and analysis of personnel, both departmental and field, was made. In terms of the results of this survey in relationship to adequate performance of the duties charged, it was decided that 366 field assistants should be added to the pay roll.

Naturally, due to the lateness of budget approval the service was unable to begin recruiting activity for these field assistants until after 2 months of the first quarter of the fiscal year 1947 had expired. Recruiting, however, was carried on at a rapid rate during October and November. At the present time there are 326 field assistants on the pay roll of the Veterans' Employment Service in grades CAF-7, CAF-9, and CAF-11; at salaries totalling \$1,185,149. In addition to these field assistants, there are 321 field personnel on the rolls of the Veterans' Employment Service at grades CAF-3 through CAF-14, at salaries totaling \$1,323,318. State veterans' employment representatives, assistant veterans' employment representatives, and clerical and stenographic personnel make up this group. The present headquarter's office personnel involve 26 positions ranging from CAF-2 through CAF-15 at a total salary rate of \$110,063.

Combining the above-cited figures, the present strength of the Veterans' Employment Service is as follows:

Field: 647 positions at a cost of_____	\$2, 508, 467
Department: 26 positions at a cost of_____	110, 063

Total 673 positions at a cost of_____	2, 618, 530
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H. R. 2700, the present bill which has passed the House of Representatives, grants to the Veterans' Employment Service only \$1,756,800 for carrying out the provisions of title IV (except sec. 602) of the Servicemen's Readjustment Act of 1944. Such a radical cut in the requested appropriation will force the Veterans' Employment Service to lay off from 250 to 275 or 85 percent of the above-mentioned field assistants who are doing such a splendid job of selling the veteran to employers. The Veterans' Employment Service is seeking to carry out congressional directness by the placement of veterans in jobs for which they are qualified. It is the consensus of the majority of individuals and agencies concerned with the veteran that successful placement of veterans in jobs represents the most economical and beneficial service that could possibly be rendered to those citizens who have risked their lives in a service to their Nation.

The duties performed by the field assistants—securing jobs for veterans—are considered absolutely essential to the effective administration of the Veterans' Employment Service under the provisions of the Wagner-Peyser Act of 1933 and the Servicemen's Readjustment Act of 1944. This administrative belief is based upon the certain fact that regardless of the performance of the State employment service and the effective functional supervision rendered by the State veterans' employment representatives and their assistants, if employers do not list their jobs with the Employment Service veterans will not be given the "maximum of job opportunity" Congress has said they shall have. It has long been recognized by the public employment service that under normal circumstances it cannot be expected to even approach a complete penetration of the labor market insofar as recruitment for employment is concerned. This is particularly true in the higher types of jobs. It is the obvious intent of the Congress that veterans shall be provided more effective service and facilities than that coverage of employment opportunities would provide.

It should be borne in mind that approximately 95 percent of the total staff of the Veterans' Employment Service is located in the field, specifically in local employment offices. The field assistants supplement the activities of the local offices in developing jobs specifically for veterans.

The following table reflects the performance of the field assistants on the job. It should be recognized in reviewing these figures that this program has only been under way a few months and there has been a proportionate increase in activity each month. It is only reasonable to assume that this improvement will continue for many months.

Veterans' employment service, field assistants' activities, Mar. 31, 1947

Month	Number of field assistants	Number of employer visits	Job openings on orders received	Job openings in occupational groups, professional and clerical
November.....	¹ 229	3,010	8,099	2,180
December.....	¹ 303	12,329	16,924	3,924
January.....	¹ 321	20,969	23,747	5,254
February.....	¹ 324	26,074	24,709	6,459
Total.....		62,382	73,479	17,817

¹ Total staff at end of month. All field assistants did not make employer visits during entire month. Majority of field assistants entered on duty after Nov. 15, 1946.

It will be noted that about 25 percent of the job orders obtained are for openings in occupational groups—professional and clerical. These groups comprise the professional, technical, managerial, and other white-collar occupations, and this proportion of job orders in these categories is many times over the average prevailing in most local public-employment offices. This is particularly significant in view of the large numbers of veterans seeking these types of jobs. Emphasis is also being placed upon these occupational groups in order to make available suitable employment opportunities through the local public-employment offices to veterans who will be completing courses of education and training at public expense under the provisions of Public Laws 346 and 16.

To avoid duplication of effort and prevent dual calls on employers, the field assistants are instructed, in writing, and do at all times clear with the manager or other responsible official of the local public-employment office in advance of employer visits. In addition, all job orders thus obtained are filed with the appropriate local public-employment office for the referral of qualified and interested veterans. This program is, in effect, a necessary supplementation of the regular local office activities in order to provide an expanded employment opportunity for all veterans. In addition, a special effort is made to locate suitable jobs for disabled veterans—both individually and collectively.

Locating the right job—a good job—for a veteran at this time may be reasonably expected to save the Federal Government untold amounts of money in the form of servicemen's readjustment allowance benefits, educational or training allowances, future compensation based upon unemployment, etc. In addition, if the right job is found for a veteran at the time of his immediate need and during his process of readjustment to civilian life, the moral effect upon him will be immeasurable and the Nation as a whole will benefit.

In view of the above-cited facts and the present successful operation of the Veterans' Employment Service, and in light of the crippling effects of the recent action on the House Subcommittee on Labor-Federal Security appropriation, I feel justified in requesting complete restoration of funds necessary for the effective operation of the Veterans' Employment Service. Only by such restoration can this Service continue to function efficiently in carrying out the provisions of title IV of the Servicemen's Readjustment Act of 1944.

At the time this budget message is being transmitted to your committee, the President has signed S. 918 providing for the liquidation of the Selective Service System. One provision of this bill provides for the transfer of the function assigned to the Personnel Division of the Selective Service System under section 8 of the Selective and Training Service Act of 1940 as amended to the Department of Labor. Paragraph (g) of section 8 states:

The Director of Selective Service herein provided for shall establish a Personnel Division with adequate facilities to render aid in the replacement in their former positions of, or in securing positions for, members of the reserve components of the land and naval forces of the United States who have satisfactorily completed any period of active duty, and persons who have satisfactorily completed any period of their training and service under this act.

A portion of the above-cited section, namely, securing positions for honorably discharged members of the reserve components and the land and naval forces of the United States was transferred to the United States Employment Service by reorganization Plan No. 3 of July 16, 1946. The remaining portion of this

function described in section (g), that of rendering aid in the replacement in their former positions of honorably discharged members of the reserve components and the land and naval forces of the United States, is specifically transferred to the Department of Labor by S. 918 which has just become a law.

Exploratory contacts made with officials of the Selective Service System, the United States Employment Service, and this Service have not as yet revealed specific data as to the number of additional personnel which will be needed to adequately assume this additional function. The major responsibility for the actual administration of the restoration program administered by the Selective Service System will fall largely on the facilities of the Veterans' Employment Service. If this assignment is made to the Veterans' Employment Service it will be necessary to request additional funds for this purpose.

If favorable action is taken relative to our request for personnel to carry on our work we must ask that restoration be made of the following amounts for contingent funds, printing and binding, as well as travel: \$133,000 to provide the \$600,000 for travel expenses (field and department), \$25,156 to provide the \$40,000 for printing and binding, \$8,700 to provide the \$18,700 for contingent expenses.

As one may readily see, the restoration of funds for personnel will necessitate the grant of these additional sums which we do not feel are out of line, in view of our past experience in the allocation of moneys for the above objects.

REDUCTION IN PERSONNEL UNDER HOUSE CUTS

Mr. FAULKNER. H. R. 2700, the present bill which has passed the House of Representatives, grants to the Veterans' Employment Service only \$1,756,800 for carrying out the provisions of title IV—except section 602—of the Servicemen's Readjustment Act of 1944. Such a radical cut in the requested appropriation will force this Service to lay off from 250 to 275, or 85 percent, of the field assistants who are doing such an outstanding job of "selling" the veteran to employers.

Senator KNOWLAND. That is from 250 to how many?

Mr. FAULKNER. To 275, or 85 percent.

REASON FOR LARGE REDUCTION IN FIELD ASSISTANTS

Senator BALL. Right there, can you tell me why you have to lay off 85 percent of the field assistants who are actually doing the work, rather than taking more of this cut in the administrative overhead?

Mr. FAULKNER. I will break that down for you, Senator.

We have at the present moment 647 positions in the field, and that, of course, includes clerks and stenographers and all of that sort of thing, but among those we have 326 field assistants, and 48 State veterans' employment representatives, and 134 assistant veterans' employment representatives, and 6 staff field representatives, 1 assistant staff field representative, and 132 clerk-stenographers. That is the break-down, and that is at a cost of \$2,508,467. Our departmental staff is 26, in the Washington office.

Shall I continue?

Senator KNOWLAND. Yes.

FUNCTIONS OF VETERANS' EMPLOYMENT SERVICE

Mr. FAULKNER. The Veterans' Employment Service is seeking to carry out congressional directives by maximizing job opportunities for veterans for which they are qualified. It is the consensus of the majority of individuals and agencies concerned with the veteran that successful placement of veterans in jobs represents the most economical

and beneficial service that could possibly be rendered to these citizens who have served their country in time of war.

Veterans' employment representatives and assistant veterans' employment representatives of the respective States under the current organization of the Veterans' Employment Service are charged with the functional supervision of the registration of veterans in local employment offices for suitable types of employment and for placement of veterans in employment. Their duties further involve securing and maintaining information as to the types of available employment in public works and private industry or business as well as promoting the interests of employers in employing veterans. To fully discharge their responsibilities, it is necessary that regular contact be maintained with employers, veteran organizations, community organizations and groups, State agencies, county and local offices, and other Federal agency representatives with the specific view of keeping employers advised of veterans available for employment and veterans advised of opportunities for employment. The complete and successful discharge of these duties is absolutely essential to the maintenance of an adequate program to provide adequate service to veterans.

PRESENT NUMBER OF EMPLOYEES

Senator McKELLAR. How many employees are there in this Service, all told?

Mr. FAULKNER. Right now?

Senator McKELLAR. Yes.

Mr. FAULKNER. 647 in the field and 26 in Washington.

Senator McKELLAR. That is less than 700. Of those, how many are ex-servicemen?

Mr. FAULKNER. All of them.

Senator McKELLAR. All of them are?

Mr. FAULKNER. Yes, sir. The law specifically provides for that.

Senator McKELLAR. The law provides for all of them to be veterans?

Mr. FAULKNER. Yes, sir.

NEED FOR FIELD ASSISTANTS

The duties performed by the field assistants—securing jobs for veterans—are considered absolutely essential to the effective administration of the Veterans' Employment Service under the provisions of the Wagner-Peyser Act of 1933 and the Servicemen's Readjustment Act of 1944.

This administrative belief is based upon the certain fact that regardless of the performance of the State employment service and the effective functional supervision rendered by the State veterans' employment representatives and their assistants, if employers do not list their jobs with the Employment Service, veterans will not be given the "maximum of job opportunity" Congress has said they shall have.

It has long been recognized by the public employment service that under normal circumstances it cannot be expected to even approach a complete penetration of the labor market insofar as recruitment for employment is concerned. This is particularly true in the higher types of jobs. It is the obvious intent of the Congress that veterans

shall be provided more effective service and facilities than that coverage of employment opportunities would provide.

It should be borne in mind that approximately 95 percent of the total staff of the Veterans' Employment Service is located in the field, specifically in local employment offices. The field assistants supplement the activities of the local offices in developing jobs specifically for veterans.

Locating the right job—a good job—for a veteran at this time may be reasonably expected to save the Federal Government untold amounts of money in the form of servicemen's readjustment allowance benefits, educational or training allowance, future compensation based upon unemployment, et cetera.

PROBLEM OF FINDING JOBS FOR VETERANS

Senator YOUNG. Is your problem of finding jobs for veterans as great now as it was at the height of demobilization?

Mr. FAULKNER. Yes, sir. We are basing this upon the theory, sir, that there are lots of jobs listed, but a personal contact in behalf of the veteran may get him a connection with the business, or a job enterprise, or an opportunity that will cause him to stay there and become a fixed part of the community and the kind of a citizen that we think the young man should become.

This constant fluxing change of veterans, through their dissatisfaction from being back home, is indicated in the fluxing market and change of jobs, and more constant referrals of veterans in the office.

AREA OF GREATEST UNEMPLOYMENT OF VETERANS

Senator YOUNG. In what area do you have the greatest unemployment of veterans right now?

Mr. FAULKNER. California is very high.

Senator YOUNG. Because of the good climate, I suppose.

Mr. FAULKNER. It is very high.

In addition, if the right job is found for a veteran at the time of his immediate need and during his process of readjustment to civilian life, the moral effect upon him will be immeasurable and the Nation as a whole will benefit.

PRESENT NUMBER OF FIELD ASSISTANTS OF VETERANS' EMPLOYMENT SERVICE

At the present time there are 326 field assistants on the pay roll of the Veterans' Employment Service, as stated in the fore part of this digest. The recent action by the House of Representatives will result in the necessity of laying off from 250 to 275, or 85 percent, of these men. Such drastic action would deliver a crippling blow to this Service.

In the light of the evidence as cited in my attached statement, I respectfully request this committee to take action to secure restoration of sufficient funds to provide for adequate functioning of the Veterans' Employment Service. Only by such action can this Serv-

ice continue to function efficiently in carrying out the provision of the Wagner-Peyser Act of 1933 and the Servicemen's Readjustment Act of 1944.

FIELD ASSISTANTS WORK IN STATE OFFICES

Senator KNOWLAND. Your field representatives work out of the State offices, do they, rather than out of the regional offices of the Employment Service?

Mr. FAULKNER. Yes, sir. They work in the State. We have a State veterans' employment representative, and he is habitually in the State employment offices.

Senator KNOWLAND. As far as your particular office is concerned, the closing of the regional offices would not affect it one way or another?

Mr. FAULKNER. No, sir.

NUMBER OF VETERANS SERVICED

Senator KNOWLAND. How many veterans have been serviced through your agency since it was set up?

Mr. FAULKNER. I think that would be an interesting figure, Mr. Senator. Of these field assistants, and we started to recruit them in October, it was well into November before we got them all.

In November, the number of field assistants was 229 in the Service. They visited 3,010 employers in the interests of veterans. Their job openings on order was 8,099. The job openings in the better class, the professional and clerical class, at that time was 2,108. In December we had 303 men on, and they made 12,329 employer contacts, and they discovered job openings for 16,924, and they found 3,924 of the better jobs for veterans.

In January we had 321, and they made 20,969 visits with 23,747 job openings, and 5,254 of the better jobs.

In February 324; number of employer visits, 26,074; job openings, 24,709, with 6,459 of the better jobs.

And it is my theory that as they become acquainted in the area in which they operate and it becomes fixed in the minds of employers that that is the man to consult relative to employment for veterans, we will vastly increase those numbers.

ESTIMATE AS TO CONTINUED WORK LOAD

Senator KNOWLAND. Based on your experience, do you expect this load to continue for the next several years, or do you expect a falling off?

Mr. FAULKNER. I was a veteran of the last war, and I know something of our experience at that time. Without any help from anybody, many of us had a difficult time getting placed, and some of us never did very well.

Senator KNOWLAND. Even after these veterans that are taking advantage of the educational provisions of the GI bill of rights, as they come out of schools, they will also need service until they get placed.

Mr. FAULKNER. Yes, sir.

Senator KNOWLAND. Any other questions?

EXTENT TO WHICH VETERANS ARE BEING EMPLOYED AS FARM LABORERS

Senator YOUNG. Yes. I would like to ask a question about the veterans in California, which you mentioned. I imagine that some of the North Dakota people are down there because it is warmer.

How many of those veterans, if any, would be suitable for this "stoop" labor? That question was brought up in connection with this other bill, to provide farm labor for sugar-beet areas, potatoes, and vegetables.

Mr. FAULKNER. I would not know what percentage that you gave would get into that labor market, but veterans, as a rule up to now, sort of object to that sort of employment.

Senator YOUNG. I do not blame them. I doubt if anybody in this room could earn his salt topping sugar beets.

The reason I mentioned that is because there was considerable opposition to the other bill because they stated particularly the California unemployment number there. They thought that many of those could be transferred to sugar-beet areas in place of Mexicans.

That is the reason why I asked that. I, personally, do not think that there are very many veterans that would take to work in sugar-beet fields.

That is all.

Senator KNOWLAND. Any other questions?

Senator McKellar?

Senator McKEILLAR. No questions.

Senator KNOWLAND. Senator Thomas?

Senator THOMAS. Yes.

APPLICATION OF HOUSE REDUCTION TO FIELD STAFF

From the testimony given this morning, I got the very definite impression that if cuts were made that they would be in the field staff, and that the representatives of the Service in the field doing the work would be the ones who would be injured by losing their jobs, and that cuts would not be made in the regional offices as such, or in the Washington office.

Suppose the committee should write in a provision that all cuts made shall be reflected in both the administrative branch as well as the field service. What effect would that have in respect to your Service?

Mr. GOODWIN. You are speaking of the USES, now?

Senator THOMAS. Both services.

Mr. FAULKNER. Senator, my money is allocated by law and cannot be spent for any other purpose except by the approval of the board.

Senator KNOWLAND. As I understood the testimony, the great bulk of the veterans placement end is in the field force, so that even on a proportionate cut, with only 26 in Washington there would be very little difference. I think the picture is a little different in the USES general administration.

ELIMINATION OF FIELD OFFICES RECOMMENDED BY HOUSE

Mr. GOODWIN. The picture with us, Senator, is that in the House report they recommended the elimination of the field offices.

Now, I feel very strongly that that will be a mistake, and I recommend to this committee that they take cognizance of that. I would

like very much to keep those offices. I think they will give us better administration and a more economical administration.

Senator THOMAS. There is no percentage, as I understand it, in appropriating money to maintain the Washington office and the regional offices, if we stop there. Unless we do that and then furnish money to employ field men to contact the men who need the Service, there would be no object in maintaining the Service.

Mr. GOODWIN. That is right, Senator. That appropriation is the appropriation—in our case—the one that is made to the State, and that particular appropriation was not cut by the action of the House.

Senator THOMAS. That is all, Mr. Chairman.

VETERANS RECEIVING READJUSTMENT BENEFITS

Senator YOUNG. Mr. Faulkner, do you know how many veterans are currently receiving readjustment compensation under the Veterans' Administration?

Mr. FAULKNER. About 1,100,000.

Mr. STOCKING. I do not have the figure here; it is around 1,100,000.

Senator DWORSHAK. All of those men, theoretically, at least, are looking for employment?

Mr. FAULKNER. Yes, sir. Theoretically.

Senator DWORSHAK. Do you not mean realistically?

Mr. FAULKNER. Yes, sir.

Senator DWORSHAK. Why I asked that question is not because of any interest other than trying to find out whether it is good economy to cut your employment service, when it is your job to go out in the field and try to find jobs for veterans.

Mr. FAULKNER. Yes, sir. Try to get those fellows the kind of job that will take them off the rolls.

Senator DWORSHAK. We have had as many as a million and a half on that readjustment roll, have we not?

Mr. KEENAN. Yes, sir.

Mr. FAULKNER. We believe we can help those dissatisfied veterans staying on the rolls because they cannot find the jobs they want. We think we can help him find that job.

Senator DWORSHAK. Do not the State employment offices endeavor to get him jobs?

Mr. FAULKNER. They do, but not in the sense that the Placement Board, and myself, believe that our men can.

Senator DWORSHAK. These veterans, after 52 weeks, are going off those rolls.

Mr. FAULKNER. Yes, sir.

Senator DWORSHAK. Then they will have to find employment.

Mr. FAULKNER. Yes, sir.

FUNCTION OF FINDING JOBS FOR VETERANS

Senator DWORSHAK. Is that the function of your Service, to get that job and connect them with the employment?

Mr. FAULKNER. We are going to find them jobs and get them off those rolls as quickly as possible.

Senator DWORSHAK. If they stay on the maximum of 52 weeks then what is going to happen?

Mr. FAULKNER. We will have to find them a job.

Senator DWORSHAK. Or else.

Mr. FAULKNER. Or else.

Senator DWORSHAK. Do you think you are doing a pretty good job now in trying to diminish those 52-20 rolls?

Mr. FAULKNER. I believe we are.

Senator DWORSHAK. Do you feel that there is a great need of the Service?

Mr. FAULKNER. I am certain that we are on the right track in this, that the Board under which I work believes that we can tap a field. What is the general highest penetration of the employment services we have ever had?

Mr. GOODWIN. Outside of wartime, it has been about 20 percent.

Mr. KEENAN. Twenty-five percent.

Mr. GOODWIN. It has gone as high as 25 percent. That means that out of the total number of people hired in industry 25 percent of them were placements made through the Employment Service.

NUMBER OF UNEMPLOYED VETERANS

Senator DWORSHAK. Was it testified a while ago that more than half of the unemployed number of 2,400,000 were veterans?

Mr. GOODWIN. Out of 2,400,000, a little less than a million were veterans.

Mr. FAULKNER. Our men are aiding in this problem, and they are doing so, by constantly increasing their calling upon the small businessman. They are searching everywhere for jobs. They are writing an amazing record. Some of the most interesting individual cases are on file in our records.

These throw light in the darkened corners of this search for jobs.

AMOUNT REQUESTED FOR VETERANS' EMPLOYMENT SERVICE

Senator DWORSHAK. Mr. Faulkner, the Employment Service, including the State grants of \$71,000,000 and the amount for general administration requested for 1948, would bring the total up to close to \$80,000,000. Of that total amount, your 1948 request is for what? \$2,650,600?

You are trying to justify the use of that amount of money, which is a very small percentage of close to \$80,000,000.

Mr. FAULKNER. Yes, sir.

Senator DWORSHAK. For the specific purpose of trying to find employment for the veteran?

Mr. FAULKNER. Yes, sir.

Senator BALL. As I understand, Mr. Faulkner, the actual placement of the veteran, the referral of a veteran to a job opening, is done by the State employment local office.

Mr. FAULKNER. Yes, sir.

WORK OF FIELD ASSISTANTS

Senator BALL. What you are doing, you have one man in each State who sees that they give adequate consideration to veterans, and carries out the intent of these acts, but your field assistants are actually contacting employers and getting them to specifically request veterans for jobs and maybe to do their employing through the employment offices where they have not done it before.

Mr. FAULKNER. That is right.

Senator KNOWLAND. The committee will recess until 10 o'clock tomorrow morning.

PLACEMENT AND COUNSELING ACTIVITIES

(See p. 132)

The two attached statements on placement and counseling activities are being supplied for the record, in accordance with the request of the chairman of the subcommittee. These statements summarize some of the activities of the national office for assisting the 1,800 local offices to improve their operation.

For the convenience of the committee, there are also being submitted exhibits of manual sections, handbooks, and other materials described in the statements which indicate the form in which the materials are made available to the States.

USES TECHNICAL SERVICES TO STATE

PLACEMENT ACTIVITIES

Placement is the primary job of the Employment Service. It involves determining the abilities of job seekers and the requirements of employers and matching the two so that the needs of both are met. This is done in tremendous volume; 10,374,126 new job applications were taken and 13,204,888 referrals to jobs were made last year. Such volume requires the speed of mass production. And yet because each transaction is so important to the worker and to the employer, it must be done with the accuracy and skill of master craftsmen.

To do this job, applicants' qualifications and employers' job requirements must be quickly appraised and classified for matching. Organization and methods must be provided for handling the heavy volume of applicant traffic and employer orders quickly and economically. All offices in all States face these problems.

It may appear that these problems are fairly simple and the solutions obvious. However, let us trace the development of methods in connection with just one activity—namely, taking the job seeker's application and determining his qualifications:

In the early days, local employment offices merely had the applicant sign his name in a register. Most referrals were made by announcing jobs to applicants waiting in the local office. This service was inefficient and satisfied neither worker nor employer. Reacting from this unsatisfactory operation, the offices established after the Wagner-Peyser Act made an exhaustive record of each applicant's complete work history. Five different application forms were provided for different fields of work. The length of interviews was sometimes as high as an hour and a half.

As the volume of business in these new offices increased, and additional experience was gained, it was recognized that more economical methods could and should be developed. Studies were made by State and National offices to determine the minimum information necessary to evaluate workers' qualifications and match them with suitable jobs. A single application form was developed appropriate for all job seekers, and revised instructions were issued. Average time per interview dropped to about 30 minutes, still using face-to-face interviewing methods.

Applicant work loads after VJ-day became impossible to handle even under these revised methods. Returning servicemen and displaced war workers poured into local offices by the hundreds of thousands. It was obvious that even greater simplification of local office work processes was now necessary. In cooperation with several States which had already undertaken some local experiments, the national office developed what we call self-application methods. Under this

system each applicant fills out his own card. An interviewer supplements the information as necessary, appraises it, and classifies the application card. This system was tried out experimentally in four local offices and resulted in a time saving of 47 percent.

As a result a new application form was developed especially adapted to the self-application procedure. These revised methods were then introduced to all States by the national office. The time so saved has been redirected to the employment-counseling function, a relatively new activity which the Employment Service has undertaken without significant increase in total operating staff.

Recently it has been recognized that, for some applicant groups, further simplification can be made in recruitment, application, selection, and referral methods which would result in greater economy and increased efficiency of service. The national office in cooperation with California, Texas, Illinois, and New York has just completed plans for conducting necessary studies to identify these occupational groups and develop the simplified methods. However, the studies cannot be made if we are forced to abandon our technical activities under our appropriation for 1948.

For purposes of illustration some detail has been presented concerning the problems in application taking. There are many other operating areas in which equally striking advances have been made: office organization; taking employers' orders; recruiting, selecting, and referring qualified workers; and arranging office premises to handle increasing numbers of workers and benefit claimants.

However, let us turn our attention now to other types of technical aids developed by the national office to increase the effectiveness of our placement work.

We have referred earlier to the necessity of a uniform basis for classifying work applications and employer job orders; basic to this process is the development and use of our Dictionary of Occupational Titles.

The lawyer finds it necessary to have a legal reference library, the doctor has a medical dictionary, the chemist has his chemical dictionary. Therefore, it is not surprising that Employment Service interviewers require a "job dictionary." Let us take a few examples to show why such a reference work is essential.

There are many jobs in this country on which the worker is called a plater. One, as you might guess, is an electroplater. This plater is a skilled man who requires long training before learning his job properly. The hat and cap industry has jobs for a man called a plater. He doesn't have much skill. His job is to iron the brim of hats by hand. The paper and pulp industry has a job called a plater. He is a semiskilled worker who presses grain finish into paper with a machine. The meat-packing industry has a plater. He is an unskilled worker who is employed on the killing floor. The textile industry has a plater, also. He operates a machine which combines several strings into a cord. All of these fellows are called platers by the industries in which they work. None of these job titles is familiar to the general public.

In 1939, when the job dictionary was first printed, it listed 17,500 different occupations. It gave job names and complete definitions of what a worker did and what was required of him. The employment service interviewer can't learn 17,500 different jobs. He uses his dictionary. And jobs change constantly. If we say a man is a panel joiner you might think he puts wooden panels together. Actually the panel joiner is a sewing-machine operator (a familiar job) who sews panels together to make parachutes. In fact, 6,100 jobs were added to the job dictionary between 1939 and 1945.

But, someone will say, things don't change so fast today; that was due to the war. Scientific progress and new methods don't stop when war ends. Before the war there was a job of socket mounter for the man who put sockets in radio sets to hold radio tubes. Today, there is a new postwar job of socket maker. He isn't the man who makes the radio sockets. His job was created by the sacrifices of many boys who fought. The socket maker of the postwar industry is the man who molds leather over plaster casts of stumps of a boy's arm or leg. He represents a part of the postwar expansion of the artificial limb industry. Once his job was part of that of the artificial-limb maker. Now it is a separate specialized job.

New situations, new manufacturing processes, and new scientific discoveries (including important atomic research methods) require new jobs. This is no time to stop the wheels of progress and fail to maintain our Nation-wide specific definitions of jobs and the skills required to perform them.

Although the Dictionary of Occupational Titles is an absolute necessity for every local office interviewer, for each copy used in local offices there are four more copies in use in private industry and other Government and private agencies.

Sometimes, to place an inexperienced applicant, an interviewer must administer an aptitude-test battery. For example, there is our aptitude-test battery for clerical workers. (See exhibit No. 1.) Test batteries of this sort, developed by the national office, are used as an aid in selecting inexperienced workers who have the potentialities for rapidly acquiring skill in performing the job.

As just one of many examples of the effectiveness of such a selection device, a large company in California found that test-selected workers referred by the local Employment Service office learned their jobs so rapidly in comparison with untested workers that the company adopted a policy of hiring only applicants tested by the Employment Service.

Another aid which the interviewer may use when he is in doubt concerning an applicant's ability to perform on a given job is our series of oral trade questions. (See exhibit No. 2.) These are used during certain interviews when it is necessary to check the applicant's knowledge of the job.

Local office interviewers must be trained in operating methods and interviewing techniques, including how and when to use our technical aids, some of which have just been described. For several years, States recognized the need for a comprehensive manual of operation which would incorporate the best known solutions to operating problems. However, no State had the staff nor access to the Nation-wide experience necessary for the development and maintenance of such a manual. To meet this recognized need, the United States Employment Service with the cooperation of the States has developed and maintains on a current basis this indispensable tool to State operations.

A portion of the manual deals, of course, with the placement process. (See exhibit No. 3.) We are sure if you have an opportunity to glance through this manual, its value will be obvious. However, it is valuable only when it is kept current and incorporates the best methods and procedures developed anywhere in the country.

One of the training aids developed in response to request from the States for assistance in planning and conducting their training courses for interviewers is also submitted. (See exhibits Nos. 4 and 5.) Ten thousand, nine hundred and forty-one copies of this training aid were requested by the States last year.

USES TECHNICAL SERVICES TO STATE COUNSELING ACTIVITIES

We are charged by the Wagner-Peyser Act with responsibility for service to youth and to the handicapped. Maintenance of effective job counseling for veterans is provided for in the Servicemen's Readjustment Act.

A report prepared for the New York State Legislature in August 1946 strongly recommended that on return of the Employment Service to the States, the Federal agency should "insure the establishment of an effective program for the vocational guidance, and placement of juniors, and develop techniques for aiding and placing the so-called hard-to-place applicants." This is testimony regarding what the States look to us to do.

The costs and the personnel which are specifically allotted to employment counseling are comparatively small, but the scope of activities is wide. In the period of one year 1,363,000 counseling interviews took place, 1,015,000 of which were with veterans and about 300,000 were with disabled applicants. This represents an enormous contribution to the vocational adjustment of workers.

You cannot even begin to provide a placement service satisfactory to worker or employer unless you help the job seeker make a realistic decision concerning the kind of job he wants, the kind of job he will be able to do, and the job he has a reasonable chance of obtaining. There are always many who have not reached this stage of readiness for employment. How many you will begin to realize when you know that 2,000,000 young people enter the labor market each year.

You will understand better the part the national office plays in this program, if we relate briefly the recent history of employment counseling. Before the war, studies were undertaken by the national office to analyze the need for counseling in employment offices and to determine the kind of program which could and should be carried out. One such study was made in St. Louis. Among other things, this study showed that others besides youth need vocational counseling. National office staff then developed a counseling program, trained State staff, and installed the program in Erie, Pa., and in several other offices on an experimental basis. This experimental work was stopped with the beginning of the war.

In 1944, to meet the needs of returning servicemen, work on the program was resumed. It was clear that hundreds of thousands of adults dislocated by the war were also in need of counseling. These people were a long way from the schools to which many youths could turn. The national office had the benefit of its prewar studies. It also called together to help develop the program and methods staff from the few States which had experience and nationally known experts in this field. The result was a basic manual for employment counseling embodying the best thought and the best practices available.

USES staff then trained staffs in every State who, in turn, trained local staffs and assisted State supervisors in the installation of the program. This is the counseling program which was accepted in toto in every State and is to be found today throughout the Employment Service. In places where counseling was unheard of 2 or 3 years ago, you will now find services equal in quality to that in the few States with many years of experience.

The effectiveness and prestige of this program, and this training, is evidenced by the turn-over among employment counselors. They are constantly being hired away from us by public and private organizations who can offer higher pay. This condition is at once a compliment and a burden.

But there is more to it than this. The physician without his stethoscope or surgical instruments is quite limited. Counseling is a professional service. It is becoming more scientific from day to day, and the USES is a major factor in this growth. We would like to show you some of the products of the technical staff of the USES which are used in the States and tell you something about how they are used and how they are developed. Will you then try to answer in your own mind these questions: Can any State do this job? What would it cost if 48 States even attempted to carry out these activities? How well could one State do any part of the job? In this way we can get down to the basic issue of economy with which we are all deeply concerned.

COUNSELING MANUAL

"Employment Counseling in the Public Employment Service" is the operating manual referred to. (See exhibit No. 1.) It is one section of the USES Manual, and is a product of the combined resources of the national and State offices. Before it was introduced, it was tried out by the staff in pilot offices.

TRAINING MATERIALS

In order for this manual to be used effectively, it was necessary to prepare training materials. (See exhibits 2 and 3.) Here is a sample of training materials used in every State. Training is necessary not only for the employment counselor who specializes in this function but for the local office manager who must supervise it and for the rest of the local office staff, each of whom has some part to play in the employment counseling program. Each of these groups needs a somewhat different kind of training and materials were developed for this purpose.

The development by the national office of the training program for local office employment counselors cost \$1.350 in personal services. If each State had had to prepare its own training program for employment counselors, it would have cost 48 times as much, or \$64.800. (Incidentally, 12,932 copies of these training materials were ordered by State Employment Services.)

GENERAL APTITUDE TEST BATTERIES

This booklet (see exhibit No. 4) includes a battery of tests which measure aptitudes for a great variety of occupations. In the interview which follows the tests, the counselor will be able to tell the applicant, who may have had no experience or training and no idea of the kind of job he could do, what kinds of work he could learn and possibly the kinds of jobs in which he would be unlikely to succeed.

These tests represent the goal toward which all agencies concerned with occupational testing have been striving. It has been said by one of the foremost experts in this field that whatever such a test would cost to develop, its value would far exceed its cost. This is the product of years of work by test technicians in the USES. No other agency, public or private, has anything like this instrument. It marks a great advance in employment counseling. However, it is not complete. It establishes which aptitudes are necessary for several hundred significant occupations, but at least as many more have yet to be related to scores

on this test. Nevertheless, it has now reached the stage of development where it will be extremely useful in employment offices and elsewhere.

The test booklets by themselves would be of limited value in the employment office. They require two supplementary guides. In one guide is to be found the instructions for administration and for scoring, and in the other the lists of occupations and the fields of work for which certain patterns of aptitudes indicate a high probability of success. The national staff is now engaged in introducing this test in States for the first time.

Examples of what the general aptitude test battery will do were obtained in the experimental try-outs.

John D., a 20-year-old high-school graduate, was trying to decide whether he should go to the university to take business administration or get a job now in some other field. After an interview, which included the administration of the USES interest check list, John took the general aptitude test battery. Although John's responses on the interest check list revealed some interest in the kinds of tasks usually involved in business administration pursuits, they indicated more significant interests in engine-repairing work. His scores on the general aptitude test battery indicated that he might be able to complete college but with considerable difficulty. Furthermore, his low numerical aptitude would be a distinct handicap in attempting to learn such subjects as accounting or bookkeeping. On the other hand, John's scores on aptitudes required in engine-repairing work were comparatively high. This, coupled with his interests in this field of work, indicated that serious consideration ought to be given in his obtaining some training or work in this field.

Steve V. was discharged after 3½ years' service in the Army as a medical technician. Previous to this service, he had had 2 years of high school with a course in woodworking. Later, he had been employed as a locomotive repairman's helper in a large steel mill. Since his discharge from the Army, he had held odd jobs helping carpenters, bricklayers, working as an auto mechanic, and as a store clerk. He was undecided as to his vocational plan. The tests revealed that Steve had potentiality for accounting work and bookkeeping. The interest check list also showed that he was interested in the tasks usually performed in accounting and bookkeeping work. In spite of these interests, Steve had never considered accounting or bookkeeping as a career and would not have known about his potentiality on the basis of his work history. The counselor suggested to Steve that he might wish to complete his high school course as this would facilitate his employment in accounting work. He is now attending an accelerated course at one of the city high schools, is doing well, and has contacted the local office for part-time work to supplement his subsistence allowance.

OCCUPATIONAL GUIDES (SEE EXHIBIT NO. 5)

It is not enough to know what an individual would like to do or be able to do. The applicant needs to know what kind of jobs exists, the nature of the work, the physical demands, the working conditions, the employment prospects, wages and hours if he is to make a realistic vocational choice. These occupational guides, prepared by the national office with the cooperation of the States, provide this information in readily usable form. These data, of course, need to be kept up to date as changes occur in industry. We had planned to prepare a series of occupational guides covering approximately 100 of the major occupational fields. They would be made available through the GPO to schools and other guidance and placement workers as well as to employment office staff. Twenty of these are now ready.

SELECTIVE PLACEMENT FOR THE HANDICAPPED

Thirty thousand copies of this handbook (see exhibit No. 6) have been distributed to employers and others interested in the placement of the handicapped. It is on sale at GPO. This handbook provides information for the employment of disabled workers. It describes the basic principles and outlines typical steps in the selective placement process. It also contains information of occupational significance for the more common disabilities. Operating procedures and training materials are also provided in order that the selective placement process may be effectively carried out in the Employment Service.

PHYSICAL DEMANDS ANALYSIS—PHYSICAL CAPACITIES APPRAISAL

This manual (see exhibit No. 7) presents instructions for obtaining and matching information concerning the physical demands of jobs and the physical capacities of workers. For example, a veteran came to the local office upon discharge from the Army because of a bronchial and sinus condition. He had previously been employed as a herdsman and could not return to this type of work. His physical capacities analysis indicated that he should avoid dusty, wet and humid working conditions as well as strenuous physical activities. On the basis of his military experience, it was determined to find suitable work in the clerical field where he would also be able to meet the physical demands of the job.

PHYSICAL CAPACITIES INTERVIEWING GUIDE FOR SPECIFIC DISABILITIES

We have found through experience that interviewers have insufficient information concerning the occupational significance of certain specific disabilities. We therefore undertook to develop, with the cooperation of State staff, guides to assist the interviewer to obtain the pertinent information about disabilities needed for placement. A number of them are already in the process of preparation. Many more remain to be developed in order to have adequate coverage of the major disabilities.

NATIONAL EMPLOY THE PHYSICALLY HANDICAPPED WEEK

In recognition of the necessity of promotional campaigns to help individuals who have difficulty finding employment Congress, by resolution, established the National Employ the Physically Handicapped Week. The USES has taken much of the leadership in this drive each year, while State and local offices have also taken leadership in their areas. You may recall that during the week of October 6 through October 12, 1946, advertisements paid for by employers were to be found in all the newspapers of the country urging that the handicapped be hired. Top radio stars on national networks plugged the slogan "Hire the handicapped"—this is the kind of campaign that can be achieved only by an agency of national scope.

The leaflet, Mr. Employer, with the slogan "It's good business to hire the handicapped," is an example of the kind of material prepared by the national office to influence employers to hire the handicapped on the basis of their ability. (See exhibit No. 8.)

The proportion of handicapped workers among the job seekers placed by the Employment Service has been rising steadily since the inception of the selective placement program. With the impetus of NEPH week, placements of handicapped climbed steeply. This trend must be maintained. It can only continue if an effective placement program, now long overdue, is carried on throughout the country. If we do not succeed in expanding this program, we may be faced with the situation which led in England to the passage of a compulsory law which set quotas of handicapped workers for employers to hire.

UNITED STATES EMPLOYMENT SERVICE

REPRESENTATIVE BUDGETS SUBMITTED BY STATES

(See p. 142)

Attached are representative budgets submitted by the State agencies for the period January 1 to June 30, 1947. In accordance with Public Law 549 of the Seventy-ninth Congress, these budgets include the cost of administering the unemployment compensation law and the servicemen's readjustment allowances. The States for the budgets submitted, the amount requested by the State, and the amount approved by the Director of the United States Employment Service are as follows:

State	Budget requested by the State agency	Budget as approved by the Director of the USES
California.....	\$3,153,918	\$3,094,866
New Hampshire.....	197,769	189,294
Illinois.....	2,077,921	1,923,718
Arizona.....	264,189	242,964
Iowa.....	519,126	496,614
Mississippi.....	420,730	410,791

OFFICE OF THE SOLICITOR

LEGAL SERVICES DEVOTED TO CHILD LABOR PROVISIONS, FAIR LABOR STANDARDS ACT

(See p. 16)

(Pursuant to request of the subcommittee, the Office of the Solicitor furnished the following information:)

The organization of the Solicitor's Office is of such a nature that it is difficult to apportion the child-labor work to any particular number of employees or to allocate any specified amount of our total appropriation that is spent in furnishing legal services for the enforcement of the child-labor laws. However, on the basis of the child-labor case load and the interpretations issued under the child-labor laws, I would estimate that of our present staff of 223 employees, approximately 167 of these employees devote about 25 percent of their time to work in connection with legal services under the child-labor laws. I would also estimate that of the \$1,075,775 available for salaries and expenses for the Solicitor's Office in fiscal 1947, approximately \$176,000 is being spent in legal services in connection with the enforcement of the child-labor provisions of the Fair Labor Standards Act of 1938 and the Walsh-Healey Act.

WAGE DETERMINATION CASES

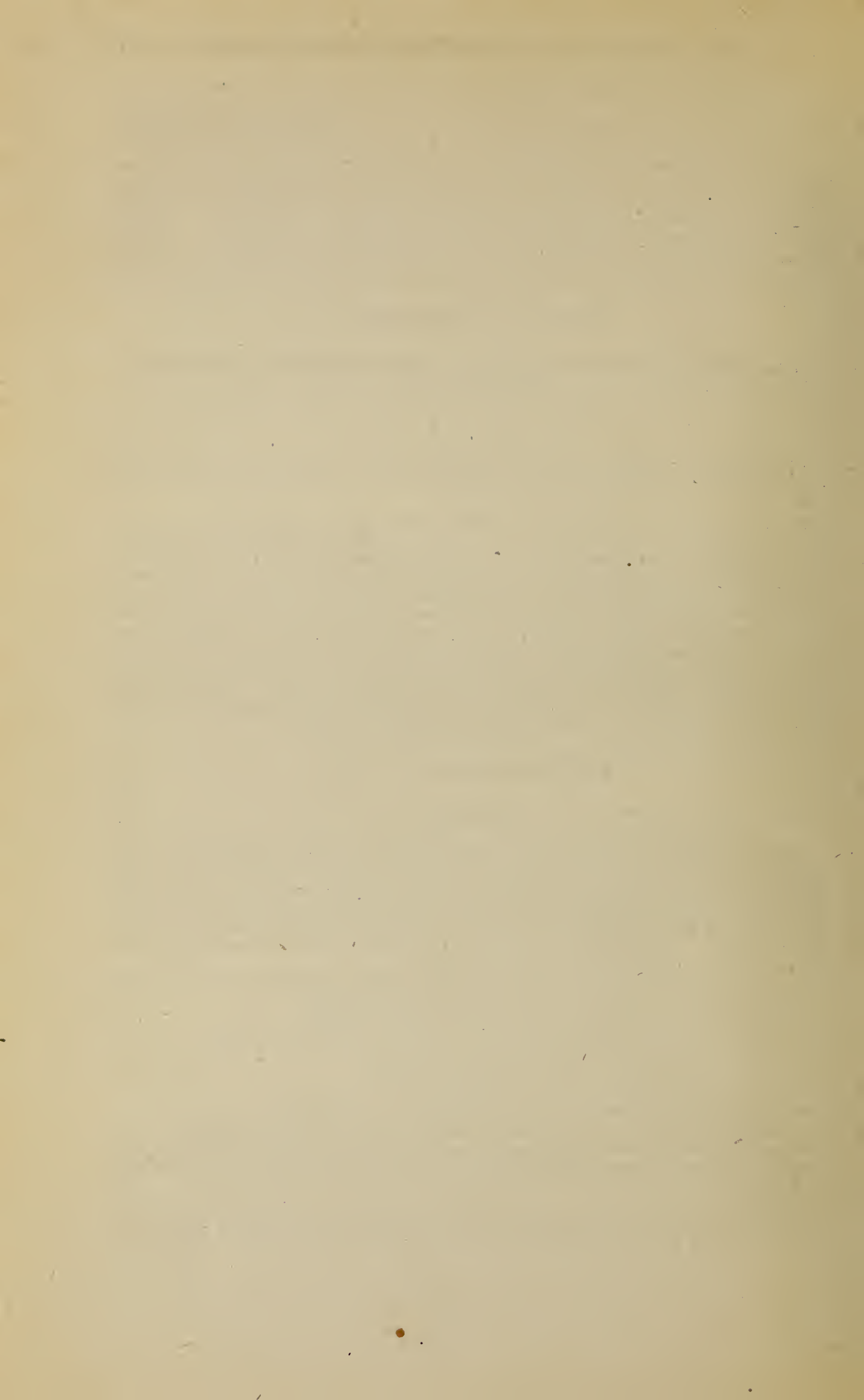
(See p. 17)

The size of the contracts for which approximately 6,000 determinations were made so far this year vary from the statutory minimum of \$2,000 to a high of \$10,000,000 per contract. The figures and data which we have available for the different types of construction cannot be readily broken down into particular brackets but a few examples can be given which I believe will answer the chairman's question. The following are examples which indicate the wide range of contracts handled from a monetary standpoint:

1. Contract for driveway resurfacing and sidewalk repairs of post office, \$2,100.
2. Disassembly of veterans' educational facilities, \$10,000.
3. Construction of veterans' educational facilities, \$20,000.
4. Construction of an addition to the zoological laboratory, \$75,000.
5. Installation of elevators, \$150,000.
6. Construction of forest-highway projects, \$250,000.
7. Construction of flood walls and appurtenances, \$600,000.
8. Construction of breakwaters, \$2,500,000.
9. Construction of civil work dam and flood control project, \$10,000,000.

Since 6,000 wage determinations were made during the first 9 months of the current fiscal year, totaling \$819,608,300, an estimate of the average project would be \$136,601.

(Whereupon, at 12:05 p. m., Tuesday, April 8, 1947, the committee adjourned, to reconvene Wednesday, April 9, 1947, at 10 a. m.)



LABOR-FEDERAL SECURITY APPROPRIATION BILL, 1948

WEDNESDAY, APRIL 9, 1947

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D. C.

The subcommittee met at 10 a. m., pursuant to adjournment, in the Senate Appropriations committee room, the Capitol, Senator William F. Knowland, presiding.

Present: Senators Knowland (presiding), Ball, Young, Dworshak, McCarran, McKellar, and Thomas.

Senator KNOWLAND. The hour of 10 o'clock having arrived, the committee will come to order.

The first group before us today is the Women's Bureau. Miss Miller?

WOMEN'S BUREAU

STATEMENTS OF FRIEDA S. MILLER, DIRECTOR, WOMEN'S BUREAU;
ANNE LARRABEE, ASSISTANT TO THE DIRECTOR, WOMEN'S BUREAU;
AND JAMES E. DODSON, CHIEF CLERK AND BUDGET OFFICER, DEPARTMENT OF LABOR

SALARIES AND EXPENSES

STANDARD CLASSIFICATION SCHEDULE

(The standard classification schedule is as follows:)

Salaries and expenses, Women's Bureau

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-) 1948 esti- mate com- pared with 1947	Increase (+) or de- crease (-) bill com- pared with estimate
01 Personal services.....	\$261, 260	\$301, 860	\$261, 260	+\$40, 600	-\$40, 600
02 Travel.....	50	50	50		
03 Transportation of things.....	40	40	40		
04 Communication services.....	400	400	400		
05 Rents and utility services.....	850	850	850		
07 Other contractual services.....	400	400	400		
Grand total obligations.....	263, 000	303, 600	263, 000	+40, 600	-40, 600
Excess of obligations over appropria- tion due to Public Law 390.....	-29, 000			+29, 000	
Total estimate or appropriation..	234, 000	303, 600	263, 000	+69, 600	-40, 600

AMOUNT OF INCREASE REQUESTED

Miss MILLER. Thank you, Mr. Chairman. The amount requested for appropriation for the Women's Bureau is \$303,600. The House approved \$263,000. I deeply appreciate the recognition of the Bureau's responsibilities and services which that action represented.

Senator KNOWLAND. The House amount was the same amount as you had last year, as I understand it.

Miss MILLER. Yes.

BREAK-DOWN OF INCREASE

The amount we request the Senate to restore in this appropriation is \$40,600, of which \$33,324 is for additional staff and \$7,276 for statutory within-grade promotions.

WORK OF THE BUREAU

The Women's Bureau is the sole agency charged by Congress with the duty of formulating standards and policies to promote the welfare of the country's wage-earning women. During the past year the postwar readjustment problems of women workers have been the chief concern of the Women's Bureau. To promote their most effective and useful readjustment the Bureau has undertaken studies of trends in employment, wage conditions, and new job opportunities; it has assisted State labor departments in safeguarding wage and hour and other working conditions standards, and has furnished to women's organizations, unions, civic groups, and employers information and technical advice on the many problems that they have brought to the Bureau for solution during this very difficult postwar period. The appropriation voted by the House will enable the Bureau to carry on these functions at approximately the present level.

EXPANDING PARTICIPATION IN INTERNATIONAL MATTERS

New and great responsibilities, however, have developed upon the Bureau in the past year in connection with the Department's expanding participation in international matters. In this, as on the domestic scene, the Bureau is the only source of information on programs relating to women, and hence all departments of the Government turn to it for information and for advice and guidance as to policy in this field. Demands for these services come from or through three major sources: (1) Other departments of the United States Government, especially the State and War Departments, (2) the ILO and the various social commissions of the United Nations, especially the Commission on the Status of Women and the Commission on Human Rights, and (3) the vital woman's organizations in this country that are attempting to fulfill their obligations, as citizens, to the international responsibilities which this Government has assumed.

For some long period, the Director attempted to handle these calls personally, drawing on regular staff for assistance as the work increased. It is now apparent that the types of information and services needed involve all divisions of the Bureau and will inevitably continue to do so in increasing degree. It is equally apparent that the present staff will be unable to perform these functions adequately or with

justice to their already existing responsibilities. The Women's Bureau, therefore, has no choice but to urge reconsideration of its proposed budget for this increasingly vital part of its program.

The United Nations Charter has challenged women throughout the world to achieve full status as members of society and contribute to national and international progress. That many discriminations and limitations have been placed on women by tradition and custom is a familiar fact. The favorable position of women in the United States places on this country, and especially on its women, responsibility for leadership in the expansion of suffrage for other women and in their release from other political and civil handicaps.

COMMISSION ON THE STATUS OF WOMEN

Already the Commission on the Status of Women has begun a world-wide study of the political, civic, and economic status of women. The Women's Bureau has already been called upon to participate in this work for the United States. It prepared data for the United States member prior to the Commission meetings, and a staff member served as her adviser during the session. Fortunately, earlier studies have given us a head start in the field of law, but difficult and extensive research into practices under the laws require additional help.

PARTICIPATION IN WORK OF INTERNATIONAL LABOR ORGANIZATION

Equally urgent are duties and services to the ILO. As an example, the Bureau is now participating in a newly launched study by the ILO of industrial home work. The United States has been especially effective in cutting down this type of low standard, industrial production, which is chiefly carried on by women. But importation of cheap goods produced by this system in other countries reduces the volume and the standards of our own factory employment, chiefly of women, and cuts down the domestic market for certain American goods. Prevalence of unregulated production of this type in other countries will also cut into our export markets. Understanding the extent and characteristics of industrial home work in other countries will help work with the ILO and directly with other countries in formulating programs to improve the conditions of industrial home work generally. Improved conditions will help to sustain our export trade and eliminate cheap imports to the United States, thus expanding the employment of American labor under good conditions.

Other important functions in connection with the ILO are the service of the Bureau Director as adviser and United States delegate to the various sessions of the conference and governing body in Montreal and Geneva. The Bureau has also assisted in critical review and recommendation of policy in connection with ILO conventions affecting women in nonmetropolitan territories, and in other vital economic fields such as employment and wages.

REQUESTS FROM WAR DEPARTMENT

From the War Department and its agencies in the occupied areas come a series of requests for information and recommendations concerning employment standards and practices for women and for ways to improve their civil and political status in the occupied areas.

NEED TO EXPAND RESEARCH ACTIVITIES

In order to be able to respond intelligently to these and new demands for information, the research activities of the Bureau must be expanded.

NEED FOR ANALYSIS OF REPORTS FROM FOREIGN LABOR ATTACHÉS

In 1948, therefore, the Bureau needs to undertake systematic analysis of reports currently being received from labor attachés in foreign countries insofar as these deal with the employment and working conditions of women. Only with such analysis is it possible to begin building up comparisons and contrasts between working conditions in the United States and other countries on which constructive international action can be based.

In addition the availability of such factual information would extend greatly the value of training courses now provided for exchange personnel from labor departments of other countries, responses to inquiries from those countries, and material requested by interested individuals and organizations in the United States. As part of the exchange program, the Bureau will make available from time to time staff members for loan to other countries under funds available from the State Department. Participation in such a program requires, first of all, equipping the individual detailed to another country with the best background possible, and, in the second place, offers opportunities for the Women's Bureau to secure special useful information about employment conditions of women in foreign countries.

PROPOSED USE OF INCREASE REQUESTED

In summary, therefore, to fulfill the policies of the United States Government, as channeled through the Department of State and the War Department, and to fulfill the obligations of the Department of Labor to the ILO and the United Nations, and to provide the necessary information and guidance to national women's organizations that have assumed responsibility for vital programs of international work, the Women's Bureau is requesting 10 new positions in the sum of \$33,324, and, for statutory within-grade promotions, \$7,276—a total of \$40,600.

INCREASES REQUESTED FOR CONTINGENT AND TRAVELING EXPENSES

The restoration of the above amount will also require the restoration of \$530 contingent expenses for office supplies and materials, and \$2,700 for traveling expenses.

NUMBER AND LOCATION OF REGIONAL OFFICES

Senator KNOWLAND. Did you have regional offices or regional representatives?

Miss MILLER. Yes, sir; we do.

Senator KNOWLAND. How many do you have?

Miss MILLER. Six.

Senator KNOWLAND. Where are they located?

Miss MILLER. Boston, New York, Philadelphia, Chicago, St. Louis, and San Francisco.

Senator KNOWLAND. Do they do quite a bit of traveling around in carrying out the duties of your Bureau?

Miss MILLER. Yes. Each one of them does limited travel in her own area.

Senator McCARRAN. In her own area, you say?

Miss MILLER. Yes; that is right.

Senator KNOWLAND. Are your regional offices located with one of the other parts of the Labor Department?

Miss MILLER. Generally speaking, we are a part of an office of the Labor Department.

PERSONNEL SINCE 1939

Senator KNOWLAND. Of the considerable figures we have had, your Bureau is about the only bureau or division in the Department of Labor that has held its number of employees to about equal to what they were in 1939, or as a matter of fact a little less. In 1939, the figures I have show that the Women's Bureau had 79 employees; in 1940, 89; in 1941, 67; in 1946, 63; in 1947, 73—

Miss MILLER. Yes.

Senator KNOWLAND. Where the Department as a whole has increased from 2,613 to 6,318, about $2\frac{1}{2}$ times what it previously had been.

APPROPRIATIONS IN 1939

The appropriations in 1939 to the Women's Bureau amounted to \$143,320, compared with the \$263,000 which you had last year. I presume most of that has been as a result of salary adjustments.

Miss MILLER. Yes; it has. Last year, for instance, the Pay Increase Act amounted to \$33,500. This year it was \$32,000, \$29,000 of which has come through deficiencies.

Senator KNOWLAND. Are there any other questions?

EXTRACT FROM HOUSE REPORT

Senator McCARRAN. I notice that the House makes a comment about the Women's Bureau. It says:

The committee has allowed \$263,000 for the Women's Bureau, which is \$40,600 below the budget request of \$303,600, but is equal to the amount expected to be available during the current fiscal year including a pending supplemental for Pay Act costs. Within the allowance the Bureau will have to absorb mandatory within-grade salary advancements estimated at about \$7,200.

Is that what you referred to in your expression?

Miss MILLER. Yes, sir; it is.

BUREAU'S STATUTORY BASIS

Senator McCARRAN. Now, your Bureau was set up along about 1920.

Miss MILLER. Yes.

Senator McCARRAN. That was by an act of Congress.

Miss MILLER. Yes.

Senator McCARRAN. That act of Congress makes provision that—

the Bureau shall be set up to formulate standards and policies which shall promote the welfare of wage-earning women, improve their working conditions, increase their efficiency, and advance their opportunities for profitable employment.

That is the statutory provision. So, your Bureau is set up pursuant to that, and to accomplish that work.

Miss MILLER. Yes, sir.

WORK OUT OF SAN FRANCISCO OFFICE

Senator McCARRAN. I am at a loss to know how you can possibly carry out the functions that law appears to require of you, speaking now of the West, where you have no representative, no regional office between San Francisco and the Middle West.

How does your agent or representative or staff in that San Francisco office take care of that vast area between the Mississippi River, we will say, and the Pacific Ocean?

Miss MILLER. We do not do all that is asked of us. We simply do what is inevitable under the circumstances. If commitments are such that our representatives' time is already fully occupied, we say that we cannot do certain things.

Senator McCARRAN. You just take care of California, do you not?

Miss MILLER. No, sir. The California representative, as it happens this year, has also been working in the State of Washington. The St. Louis office representative at times goes as far as Colorado, because Colorado has minimum-wage legislation for women on which they ask our help. But I would not like you to get the impression that we have done all we have been asked to do.

We have gone to Utah, to Oklahoma. But we have to call a halt when the deluge gets too heavy.

Senator McCARRAN. You might get over to Reno some time. It is a pretty good place.

Miss MILLER. Thank you. We will consider that an invitation.

Senator KNOWLAND (presiding). Are there any further questions?

INFORMATION FURNISHED ON CHEAP IMPORTATIONS INTO UNITED STATES

Senator YOUNG. On page 2, there is some reference made to efforts to stop cheap importation to the United States. Will you enlarge on that? What type of work are you doing there?

Miss MILLER. We are simply furnishing information. We are not in any sense an enforcement agency. We have no laws to enforce. But we have, for example, just completed and sent to Geneva, in cooperation with the Wage and Hour Division's research staff, a statement in response to an extensive questionnaire showing what the United States Government has done and what are its problems in relation to the control of home work in this country, including Puerto Rico, and how that situation would be affected if there were uncontrolled industrial home work in other countries. This was done in the hope and expectation that as an outgrowth international standards will be developed.

Senator YOUNG. Are you opposed to the importation of industrial goods produced by cheap labor?

Miss MILLER. We are opposed to the cheap labor.

Senator YOUNG. Are you opposed to the importation of industrial goods by countries having cheap labor?

Miss MILLER. That is frankly not a part of our function. Our function, as you know, is to improve the working conditions of women

and their opportunities for profitable employment. It is definitely in pursuit of those responsibilities that this work has been undertaken.

COOPERATION WITH STATE DEPARTMENTS OF LABOR

Senator KNOWLAND. You work with the State departments of labor?

Miss MILLER. Yes; we do.

Senator YOUNG. The reason I brought that up, Miss Miller, is at the present time about 80 percent of all wool consumed in the United States is foreign importation. If you are interested in cheap agricultural importations, I would be perfectly willing to double your appropriations.

Miss MILLER. I am sorry we cannot. I am sure you appreciate that if you were to hear the private and personal opinions of everyone who has a limited public responsibility, you would be taking on a good deal heavier load than you already have.

Senator YOUNG. That is all I have.

WITHIN-GRADE PROMOTIONS

Senator BALL. Miss Miller, I notice you have an item of \$7,000 you want to absorb to take care of within-grade promotions. That has appeared in almost every one of these budgets. Do you have any turn-over in your staff?

Miss MILLER. A certain amount; yes.

Senator BALL. Is not the whole theory of within-grade promotions that the people coming in new at the bottom would more or less offset the within-grade increases at the top, so that the cost of the Government should main about the same? If these within-grade promotions just amount to a salary increase for everybody, including the newcomers, every year, I think something is wrong with the system definitely.

Miss MILLER. There is a special situation now, as you know, which would probably make the cost more at this time than in many other periods. There is a reduction in force. You do not have any opportunity to take on new people. People have status. You must take them back if they have seniority rights and rights to reemployment. You have a very limited chance to bring new people in, and therefore you are simply absorbing part of the whole structure situation that comes with a reduced staff and reserves.

QUESTION AS TO REDUCTION IN STAFF

Senator BALL. You are not reducing your staff materially.

Miss MILLER. We are not, but everyone who has reemployment rights in the Department must be considered; and as you know, with veterans' rights, and so on, there are very few new employment opportunities in Government.

ALL WOMEN EMPLOYEES

Senator KNOWLAND. How many of the 73 employees in the Women's Bureau are women?

Miss MILLER. All.

Senator KNOWLAND. How many have come back from the service?

Miss MILLER. I would say we have some turn-over. Of course, we do. But it is a relatively small turn-over. We have a good many people who have been there 20 years and more. The Bureau did not lose a great many people during the war and has not taken on more than six new professional people in the last 2 years.

Miss LARRABEE. We have war-service people who naturally will be bumped by the older employees who will come in at the middle or at the top grade. We lose money by that.

WITHIN-GRADE PROMOTIONS

Senator BALL. You mean all these transfers, and so on, between bureaus and departments come in and get their within-grade promotions in the whole business?

Miss MILLER. Yes.

Mr. DODSON. Mr. Chairman, may I say a word there?

Senator KNOWLAND. Yes, Mr. Dodson.

Mr. DODSON. When an employee leaves the Department we now have to pay him terminal leave. Whereas we used to be able to have some savings in the lapsed period between the time of leaving and the time of hiring a new employee, now terminal leave will usually equal that amount, if not exceed it. There is no saving at that point.

There are so many people available in the Government for transfer from other agencies, we usually do not get the new employee in at the minimum of the grade. The amounts you see in the estimates for the Ramspeck promotions are not the absolute total, but are the total we could convince the Bureau of the Budget would be our net cost for such promotions.

Senator KNOWLAND. Are there any other questions? Senator McKellar?

Senator McKELLAR. No.

Senator KNOWLAND. Thank you very much.

Miss MILLER. Thank you.

WAGE AND HOUR DIVISION

STATEMENTS OF WILLIAM R. McCOMB, ADMINISTRATOR, WAGE AND HOUR DIVISION; JOHN C. FRASER, BUSINESS MANAGER, WAGE AND HOUR DIVISION; RAYMOND G. GARCEAU, DIRECTOR, FIELD OPERATIONS BRANCH, WAGE AND HOUR DIVISION; HARRY WEISS, DIRECTOR, ECONOMICS BRANCH, WAGE AND HOUR DIVISION; AND JAMES E. DODSON, CHIEF CLERK AND BUDGET OFFICER, DEPARTMENT OF LABOR

AMOUNT FOR CURRENT FISCAL YEAR AND AMOUNT ALLOWED BY HOUSE, 1948

Senator KNOWLAND (presiding). The next up on the firing line is the Wage and Hour Division. The 1947 amount which the Wage and Hour Division had was \$4,203,700. The amount recommended by the House is \$3,748,400.

Mr. McComb, you have a statement. You may proceed.

SALARIES

STANDARD CLASSIFICATION SCHEDULE

(The standard classification schedule is as follows:)

Salaries, Wage and Hour Division, Department of Labor

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-) 1948 esti- mate com- pared with 1947	Increase (+) or de- crease (-) bill com- pared with estimate 1948
01 Personal services.....	\$4,764,810	\$4,803,100	\$3,748,400	+\$38,290	-\$1,054,700
Transferred to "Salaries, Office of Secretary of Labor.....	+15,890	-----	-----	-15,890	-----
Excess of obligations over appropria- tion due to Public Law 390.....	-577,000	-----	-----	+577,000	-----
Total appropriation or estimate..	4,203,700	¹ 4,803,100	² 3,748,400	¹ +599,400	² -1,054,700

¹ Estimate for 1948 increased by \$35,819 to \$4,838,919, as a result of House action in transferring Child Labor Enforcement activities to this Division. This action agreed to by Department.

² House recommendation includes \$146,147 for functions performed during prior years by the Division of Labor Standards, as follows: Enforcement, \$35,819; youth research and employment, \$110,328; total \$146,147.

Mr. McCOMB. Mr. Chairman and members of the committee, I would like to make this preliminary statement, if I may. I only recently, last Friday, took the oath of office as Administrator. I had very little to do with the preparation of the budget submitted to the House from our national office in New York.

However, I have with me three men who acted very closely with Mr. Walling in the preparation of that budget.

Senator McKELLAR. Is your head office in New York?

Mr. McCOMB. It was in New York up until a month ago. It is transferred back here now. There has always been a small group in Washington and I have been here in that office taking care of the war contractors.

AMOUNT OF INCREASE REQUESTED

The amount requested for salaries appropriation for the Wage and Hour Division is \$4,838,919. The House approved \$3,748,400. The amount which we request the Senate to restore in this appropriation is \$1,090,519.

In a statement prepared for the House Appropriations Subcommittee, my predecessor, Mr. Walling, related how he had intended to ask the committee to restore to the Wage and Hour and Public Contracts Divisions the budgetary status which we formerly had and which we voluntarily suggested should be substantially reduced during the war period. Because of the announced program of retrenchment, however, and in view of the need for economy, the Divisions did not seek these additional peacetime funds in their budget requests for 1948.

PERCENTAGE OF HOUSE REDUCTION

Since that statement was made, the House of Representatives has voted a 25-percent reduction in the budget which we proposed. I have come here today with the hope that your committee will consider the budget estimate as originally submitted to the House. I have

come with that hope because I have conscientiously tried to fit the cloth of the administration of the Fair Labor Standards Act and the Walsh-Healey Public Contracts Act to the pattern of the proposed 25-percent reduction.

After careful study of the effects of the proposed reduction on our activities, I am convinced that both the employees and the great majority of law-abiding employers subject to these acts will suffer if the 25-percent cut is effected.

NUMBER OF ESTABLISHMENTS AND WORKERS SUBJECT TO FAIR LABOR STANDARDS ACT

As most of you know, there are approximately 550,000 establishments with a total of 20,000,000 workers subject to the Fair Labor Standards Act alone. Last year, we inspected about 44,000 of those establishments. Now that is about 8 percent of the covered establishments. That looks as if, under the budget of last year and under the one which we proposed for 1948, we could inspect all covered establishments over a 12-year period. But that isn't the whole picture because there is a turn-over each year of about 50,000 firms covered by the act; that is, there are on the average about 50,000 establishments which go out of business each year and there are about 50,000 new firms which come into the business field each year. So there are thousands of establishments which are never inspected.

The worst features of the situation are that most of these new firms and many of the firms which go out of business each year are unstable establishments of the type in which serious violations are apt to occur. Unfortunately, when violations occur in uninspected establishments which go out of business, their employees never receive the benefits of the wage-hour law.

INSPECTION AND COVERAGE FIGURES

To emphasize, let us consider inspection and coverage figures for the 8 years the Fair Labor Standards Act has been in effect. During that 8 years, approximately 900,000 different establishments have been subject to its provisions at one time or another. Only 230,000 of the 900,000 had been inspected up to June 30, 1946. During that same 8-year period 290,000 firms subject to the act went out of business or were transferred to other owners. Worse yet, 380,000 of the covered firms now in business have never been inspected. In other words, two-thirds of the establishments now operating and subject to the provisions of the Fair Labor Standards Act have never had an official visit from a Wage-Hour inspector.

NUMBER OF UNINSPECTED FIRMS

With 380,000 uninspected covered firms in operation today and with an additional 50,000 new firms each year, the 45,000 inspections which we planned under our proposed budget comprise a pretty small percentage of the total—8 percent.

NUMBER OF INSPECTIONS POSSIBLE UNDER HOUSE FIGURE

The measure voted by the House would cut that budget still further until only 33,000 inspections would be possible. That would mean that only 6 percent of the 550,000 firms could be inspected annually and that it would take 16 years for our inspection staff to get around to all establishments even if we should not consider the 50,000 turnover each year.

HIGHEST NUMBER OF INSPECTIONS PER YEAR

Senator McCARRAN. At the peak, when you had the greatest appropriation and the greatest number employed, how many institutions did you inspect in 1 year?

Mr. McComb. About 75,000, I understand.

Senator McCARRAN. About 75,000 out of about how many?

Mr. Weiss. 550,000.

Senator McCARRAN. If you had all of the employees you call for, could you cover the entire field in 1 year?

Mr. McComb. No; we could not. We have never attempted that. We do not think it is actually necessary.

QUESTION AS TO COMPLETE COVERAGE

Senator McCARRAN. The trouble is there is one phase of your expression, if I construe it correctly, that you are not able to cover the field, although the field should be covered because of these, as I chose to term them for convenience sake, fly-by-night institutions that come in and go out in the year. Those are the ones that really need inspection, if any do, because they are the ones in which labor suffers the most.

I am wondering what this committee would do if it gave you all you wanted, whether or not we could cover the field, whether or not we could do what the law anticipates.

Mr. McComb. Frankly, my answer to that would be you could. We could give you the figures and show you how many inspectors we would need to inspect every establishment covered by the act.

Senator McCARRAN. It looks to me as though we are up against a hopeless task. In other words, if we cannot cover all the field in 1 year, say, for instance, why should we cover just certain ones and let the others go that are really culpable, maybe?

Senator KNOWLAND. The job there is no different than that faced by the Department of Internal Revenue on the income-tax collections. I happened to sit in on that subcommittee also. They have never had sufficient force to cover and make a complete audit of all the tax returns, but they do make a spot check. No one knows when they are going to be checked upon.

Therefore, your enforcement problem does not require the complete audit of every single return, but rather an aggressive department that will close in on the chiselers, so to speak, and keep everyone else on their toes.

Senator McCARRAN. That part is true; but here we have brought to our attention a group that would go out of existence. You never get a chance to inspect them at all.

Mr. McCOMB. We will get a chance to inspect some of them, but we would not unless we had more than we have now, because our total inspections are about 45,000, and there are 50,000 firms that come in and go out of business each year.

However, I think what the chairman says is correct. It is that effect that you have in policing, just like the policeman on the beat.

You may not get everybody who robs a house, but there is the fact that when the policeman is there, he may.

I have just cited the tremendous load we have. I think with the cut made by the House, they have gotten us below the point where we could really police the beat. We cannot get up and down the street. We can get part way up, but not the whole way. It is the fellow at the other end of the street who is going to take advantage of it and do the robbing because we cannot get there.

Senator KNOWLAND. He thinks his chances are that much better, and he is willing to take the chance.

Mr. McCOMB. That is correct.

NUMBER OF EMPLOYEES DOING INSPECTION WORK

Senator BALL. How many of these 1,300 employees you have are actually engaged in inspections?

Mr. McCOMB. We have about 606 inspection-type employees.

Senator BALL. What do you mean by "inspection type"?

Mr. McCOMB. There are those who are inspectors, and those who work very closely with the inspectors.

Mr. FRASER. There are 606 actual inspectors who go out to make the inspections. Then there are facilitating personnel in the office who assist in making computations and supervising the work, reviewing the reports, and so forth. They make up the balance of personnel in the field, or approximately 500 people. The remainder of the employees are in the national office.

Senator BALL. A little less than half.

Mr. FRASER. Actually carrying the bag, making the physical inspection, but the purpose of having these other people is to facilitate the speed of the inspection and to concentrate in this particular 606 people the actual job of going into the establishment, making the inspection, and preparing the report. The rest of the work of review, the mechanical work of computation and so forth, is done in the office.

POLICY WITH RESPECT TO INSPECTIONS

Mr. McCOMB. If there are no further questions I will proceed with my statement. Is it logical to assume that effective enforcement of the Fair Labor Standards Act can be attained by a schedule which would permit inspection of a plant once every 16 years? Now it is true that as a matter of good management we concentrate our enforcement activities in industries and areas where statistics show that violations are likely to be found. This fact assures the maximum compliance possible through the full utilization of the small staff available. It is equally true that the overwhelming majority of employers have accepted the basic purposes of the act and are conscientious in their efforts to comply with it. For that reason, I do not feel that an annual inspection of every covered plant is necessary, but our figures

show that even among the most conscientious employers there is a considerable portion who inadvertently violate the act. The remedy, in these cases, is more physical inspections to assist them in correcting these inadvertent violations as rapidly as possible, thus forestalling suits under 16 (b). That is, where the employee has the right to sue independently of us.

DESIRE OF LAW-ABIDING EMPLOYERS FOR MORE INSPECTIONS

Furthermore, our experience has shown that the conscientious, law-abiding employers who comprise the preponderant majority of employers in the Nation want more inspections under the two acts. They recognize that the unfair competition they must meet at the hands of the minority of employers who operate under cutthroat tactics has been materially reduced as a result of enforcement of the acts.

By further reducing our now infrequent inspections, such unfair competition will be encouraged, and the employer who considers compliance with the basic wage and hour provisions of these laws a first duty toward his employees will find that the chiseling competition from employers who seek every method of evasion will be increased.

As I indicated above, we concentrate our inspections in industries and areas where violations are apt to occur. We must, in the interest of good administration, stretch our inspection program to obtain the maximum enforcement possible. Congress passed these humanitarian laws. It designated the Wage and Hour and Public Contracts Divisions as their enforcement arm.

INSPECTION PROGRAM EMPHASIZES CERTAIN POINTS

In the interests of good enforcement, our inspection program emphasizes: (1) priority inspection of complaints; (2) some inspections in the less fully inspected industries with the aim of bringing about wider compliance, forestalling complaints, and preventing accumulation of liabilities for employers; and (3) concentration of the remaining inspections in industries and areas where experience points to a likelihood of high ratio of violations.

ACTIVITIES DURING PAST YEAR

I should like to give you a quick résumé of our activities during the past year. We inspected 43,832 plants. Of this number 22,058, or more than half, were found to be in violation of one or more of the major provisions of the acts; that is, the minimum wage, overtime, or child-labor provisions. Eleven percent of the inspected establishments were in violation of the minimum-wage provisions.

PERCENTAGE FOUND GUILTY OF CHILD LABOR VIOLATION

Senator McCARRAN. What percentage were found guilty of violation of child labor?

Mr. McComb. Six percent.

FIGURES ON VIOLATIONS

I'm sure you will bear with me, gentlemen, when I emphasize that violation of the minimum-wage provisions of the Fair Labor Standards Act simply means that the guilty employer is paying at least some of his employees less than 40 cents an hour—or less than \$16 for a 40-hour week. Now those are statistics for the last fiscal year, a relatively high-wage year. But that isn't the whole story. Virtually the same figures are revealed for each of the past several years. Year after year, our experience shows 48 to 54 percent in violation of the major provisions and from 11 to 14 percent in violation of the statutory minimum.

NUMBER OF EMPLOYEES AFFECTED BY VIOLATIONS

Senator BALL. Do you have a break-down of those statistics as to the number of employees affected by these types of violations out of the total number of employees covered by inspections?

Mr. WEISS. You want the total number underpaid as against the total number of employees inspected. We can give you that.

(The information requested appears on p. 379 of the transcript.)

EXTRACT FROM HOUSE REPORT

Mr. McComb (continuing his statement). I wish I could be encouraged by the statement which appeared in the report of the House Appropriations Committee, and I quote:

In the early days following enactment of the Fair Labor Standards Act of 1938, a considerable justification existed for substantial appropriations to enable the Wage and Hour Division to employ a large number of inspectors to enforce the provisions of the law. Operations of the Division over the years in policing industry in pursuance of this law should have served as an educational influence and created an awareness on the part of industry to the point where decreases should be evident in the number of violations occurring.

The inspection statistics which I have summarized do not bear out such a hopeful picture. Furthermore, I do not think that such a hopeful situation should be expected. We have never had what may be considered an adequate staff of inspectors. During the peak year of enforcement operations, the fiscal year 1942, we were able to inspect only 75 000 establishments, or about 14 percent of all those subjects to the acts.

VIOLATIONS SHOWN BY STATES

Senator KNOWLAND. Do you have any information you could furnish the committee as to where those violations are occurring by States?

Mr. McComb. Yes, sir. We can furnish that table, Mr. Chairman, and give you the type of violation, if you want it.

(The information is as follows:)

*Results of inspection under the Fair Labor Standards and Public Contracts Acts,
by region and State, fiscal year 1946*

Region and State	Total number of establishments inspected	Number of establishments in violation of specified provisions of either or both acts				Restitution agreed to under either or both acts				Amount of restitution
		Major provisions, total	Over-time	Minimum wage	Child labor	Establishments in violation		Employees underpaid		
						Over-time only	Minimum wage	Over-time only	Minimum wage	
United States.....	43, 832	22, 058	20, 184	4, 676	2, 717	13, 179	3, 903	233, 444	38, 034	\$13, 360, 826
I. Boston.....	2, 886	1, 382	1, 503	152	169	851	130	17, 974	1, 642	603, 741
Connecticut.....	469	312	509	11	13	123	9	5, 274	206	178, 909
Maine.....	239	116	104	29	29	53	23	1, 426	61	38, 849
Massachusetts.....	1, 629	686	644	63	75	514	57	8, 061	580	293, 513
New Hampshire.....	239	107	99	13	25	61	11	673	43	16, 251
Rhode Island.....	204	105	92	9	21	76	9	1, 600	63	35, 801
Vermont.....	106	56	55	27	6	24	21	940	689	40, 418
II. New York City.....	8, 861	4, 635	4, 369	743	327	3, 241	653	55, 723	6, 077	2, 761, 606
New Jersey.....	2, 275	1, 157	1, 088	165	52	927	158	8, 891	691	754, 218
New York.....	6, 586	3, 478	3, 281	578	275	2, 314	495	46, 832	5, 386	2, 007, 388
III. Philadelphia.....	4, 279	1, 827	1, 651	328	258	1, 068	254	22, 764	2, 602	1, 388, 256
Delaware.....	121	39	33	3	7	24	3	1, 787	14	108, 160
Pennsylvania.....	4, 158	1, 788	1, 618	325	251	1, 044	251	20, 977	2, 588	1, 280, 096
IV. Richmond.....	1, 910	967	897	235	103	531	192	8, 795	1, 160	540, 915
District of Columbia.....	157	89	83	13	8	47	8	741	12	40, 749
Maryland.....	602	322	302	63	38	152	55	3, 326	306	140, 819
Virginia.....	641	337	300	101	49	186	76	2, 774	558	187, 318
West Virginia.....	510	219	212	58	8	146	53	1, 954	284	172, 029
V. Atlanta.....	1, 908	856	781	311	122	409	231	7, 909	1, 637	299, 918
Florida.....	556	319	303	94	29	179	75	3, 550	703	153, 612
Georgia.....	690	319	286	129	64	134	99	3, 311	683	100, 668
South Carolina.....	662	218	192	88	29	96	57	1, 048	251	45, 638
VI. Birmingham.....	1, 722	944	888	299	106	472	225	8, 018	1, 841	439, 014
Alabama.....	553	311	289	106	54	148	82	2, 792	542	114, 457
Louisiana.....	598	288	276	61	16	172	47	3, 007	215	216, 295
Mississippi.....	571	345	323	132	36	152	96	2, 219	1, 084	108, 262
VII. Nashville.....	1, 803	999	893	368	123	510	291	5, 779	2, 879	299, 605
Kentucky.....	746	416	365	155	77	205	119	2, 729	1, 212	146, 784
Tennessee.....	1, 057	583	528	213	46	305	172	3, 050	1, 667	152, 821
VIII. Cleveland.....	3, 057	1, 465	1, 314	273	250	941	225	19, 412	2, 548	1, 010, 302
Michigan.....	1, 142	557	549	94	36	420	62	7, 606	272	377, 992
Ohio.....	1, 915	898	765	179	214	521	163	11, 806	2, 276	662, 310
IX. Chicago.....	5, 865	2, 775	2, 425	363	567	1, 754	336	32, 923	2, 160	2, 076, 239
Illinois.....	3, 660	1, 816	1, 572	211	450	1, 151	193	19, 788	1, 266	979, 509
Indiana.....	760	380	333	67	52	204	59	4, 848	273	354, 543
Wisconsin.....	1, 445	579	520	85	65	369	84	8, 287	621	742, 187
X. Minneapolis.....	1, 894	925	843	267	100	491	207	5, 510	1, 062	\$395, 293
Minnesota.....	1, 494	726	652	212	89	385	162	3, 923	862	295, 843
Montana.....	150	72	69	10	4	35	7	639	16	21, 920
North Dakota.....	84	33	32	16	3	17	14	183	45	13, 389
South Dakota.....	166	94	90	29	4	54	24	765	139	64, 141
XI. Kansas City.....	3, 157	1, 737	1, 536	509	297	962	461	11, 593	2, 690	668, 217
Colorado.....	406	199	178	39	25	131	32	925	88	47, 773
Iowa.....	510	298	275	95	39	158	85	2, 428	620	134, 487
Kansas.....	445	277	241	80	43	158	71	1, 445	273	97, 616
Missouri.....	1, 352	758	666	245	149	405	224	5, 375	1, 376	273, 737
Nebraska.....	336	152	130	36	30	82	35	1, 064	288	72, 340
Wyoming.....	108	53	46	14	11	28	14	356	45	42, 264
XII. Dallas.....	1, 918	1, 033	944	270	92	570	229	11, 227	1, 663	601, 764
Arkansas.....	282	142	113	38	33	56	25	1, 146	268	50, 562
New Mexico.....	137	81	79	18	5	54	18	445	62	28, 863
Oklahoma.....	378	183	178	45	2	106	42	1, 234	197	97, 197
Texas.....	1, 121	627	574	169	52	354	144	8, 402	1, 136	425, 142
XIII. San Francisco.....	3, 127	1, 600	1, 548	86	139	1, 028	57	21, 504	800	1, 924, 433
Alaska.....	91	69	69	2	0	25	0	204	0	13, 984
Arizona.....	133	72	69	6	7	54	5	729	4	49, 871
California.....	1, 726	808	785	26	79	547	17	13, 401	38	1, 336, 317
Hawaii.....	80	55	50	19	9	25	16	1, 960	403	182, 899
Idaho.....	109	56	55	3	3	35	1	436	1	28, 196
Nevada.....	46	20	18	0	2	5	0	63	0	3, 347
Oregon.....	352	210	201	9	13	125	5	1, 666	14	106, 755
Utah.....	57	25	21	7	8	12	2	173	5	7, 330
Washington.....	533	285	280	14	18	200	11	2, 872	335	192, 734
North Carolina.....	920	498	464	139	39	286	116	2, 952	2, 885	201, 055
Puerto Rico.....	525	415	328	333	25	65	296	1, 361	6, 388	123, 468

HIGHER RATE OF VIOLATIONS IN SOME AREAS

Senator McCARRAN. Is there any region more prone to violation than others?

Mr. McComb. There is this, Senator: there are some industries we have found where you have more violations, where they are low paying or where by the circumstances of employment and work they are more apt to violate. We have that broken down.

When I mentioned back there selective inspection, we make studies constantly, and we advise; and every once in a while where we have found considerable violations in certain industries, we will ask our regional offices to watch those industries. In other words, concentrate a little bit on them, not entirely, but watch them. Where you have a concentration of some of those industries, in a certain region, you will have more violations.

EFFECT OF EXAMINING ONLY ONE-THIRD OF ESTABLISHMENTS IN EIGHT-YEAR PERIOD

The inspection over an 8-year period of only one-third of the establishments now covered certainly can have only a limited educational influence over the remaining two-thirds and practically no influence over the 50,000 new establishments which are added to our potential inspection work load each year.

CONTINUING HIGH PERCENTAGE OF VIOLATIONS

Following the statement which I quoted from the House report and based upon it is this further statement in the report, as follows:

A corollary to this is that the percentage of establishments subject to the provision of the law that should need to be inspected each year might well be reduced.

But violation ratios have not decreased, and in view of the continuing high percentage of violations I believe you will readily agree with me that we have already crossed the danger line from the point of view of the size of our inspection staff.

EFFECT OF DECREASING NUMBER OF INSPECTORS

I am duty-bound to express my conviction that the most significant effect of a decrease in the number of inspectors for 1948 would be the giving of notice to employers of the chiseling type that they can probably violate the acts with impunity, and an increase in willful violations will certainly have a very bad effect on the attitude of employers who now accept the basic purposes of the acts.

There would be other serious effects of a 25-percent budget reduction, and I should like to discuss some of the more important ones at this point.

EFFECT OF CLOSING CERTAIN OF REGIONAL AND OTHER FIELD OFFICES

Such a reduction would compel us to close certain of our regional and other field offices. This would seriously hamper our services to industry and labor. Chambers of commerce, trade associations, trade-unions and individual members of these groups have come to rely on

the man-to-man services we have been able to perform through these offices. This is borne out by a statement made by Mr. Keefe before the House Appropriations Committee.

The statement is:

So far as I am personally concerned—and I think the other members of this committee will agree—the Wage and Hour Division is a necessary, vital function. It has been accepted as such and gradually it is coming to do a fine job in the field that has been entrusted to it. It has the confidence of a great many people of this country.

I am convinced that one of the reasons the Divisions have the confidence of a great many people is our close contact and across-the-table service to the employer and to the worker through our field offices. Both labor and management would suffer from the discontinuance of such field office service.

EFFECT OF CURTAILMENT OF PLANS FOR SAFETY AND HEALTH INSPECTIONS

Another serious effect of the proposed reduction on the field service would be the curtailment of plans for safety and health inspections under provisions of the Walsh-Healey Public Contracts Act. The subcommittee of the House indicated that the divisions should proceed with their plan to secure five safety engineers for the field and one for the national office. The proposed cut would necessitate a reduction in the number of inspectors, and inspections under the Public Contracts Act would have to be reduced, thus crippling the effectiveness of enforcement activities in the safety and health field.

EFFECT OF HOUSE REDUCTION ON WORK OF WASHINGTON OFFICE

The 25-percent cut in appropriations voted by the House would impair the services of the national office to both management and labor because of a sizable reduction in the national office staff. For example, the proposed reduction would necessitate the curtailment of our present plan of programing inspections. Program planning entails the collection and analysis of detailed information on the number of covered establishments in each geographical area and the analysis of inspection figures, the only sound basis on which an intelligent program of inspections may be developed.

Under the contemplated reduction it would be necessary to curtail drastically activities chiefly concerned with obtaining region-to-region compliance with national office regulations so that inspection policies will apply in equal measure to employers in every section of the country. By observing and analyzing regional performance, and by making detailed reports with recommendations to the national office, it is possible to translate into national policy the most efficient operating techniques and economies developed in the various regional units of the divisions.

Because of the reduction in force necessitated by the proposed 25-percent cut, studies dealing with the applicability of the regulations and interpretations of the acts to the enormously complex variety of industries subject to the acts will have to be discontinued. Thus, when new interpretations or regulations are to be issued, the Administrator would not have the benefit of adequate preliminary studies because there would not be sufficient funds for that purpose.

It would also be necessary to abandon or seriously curtail plans for badly needed revisions and reconsiderations of present regulations in the light of experience with industry practices and with changed economic conditions.

The proposed reduction would bring about serious delays in work affecting important regulations and standards pertaining to worker training: (1) Incorporation into formal regulations standard now contained in amendments issued under administrative orders which will terminate with the war emergency period; (2) cooperation with the Apprentice Training Service on standards involving subminimum rates and supplementary training, particularly important to small establishments in small communities; and (3) standards for determination of bona fide trainees in in-plant training programs for veterans and nonveterans.

Although it is imperative that existing wage determinations be revised under the Walsh-Healey Act, plans to conduct such activities will have to be halted if the proposed 25-percent reduction becomes final. When Congress passed the Public Contracts Act in 1936, it gave legislation voice to its fundamental conviction that the purchasing power of the Federal Government should no longer be used to bulwark the position of firms which, by reason of anormally low-wage and employment practices, were able to underbid competitors maintaining fair wage and labor standards. As one of the chief means of reaching this objective, the Congress empowered the Secretary of Labor to determine the minimum hourly wage standards—based on the prevailing practices among employers in the given industry—that any manufacturer would be required to observe in fulfilling a Government contract subject to the act.

Although 42 industry minimum-wage determinations are now in effect, virtually all were issued prior to our entrance into the war. Because of the successive changes occurring during the war, and in order not to conflict with the over-all wage-stabilization program, it was felt generally advisable to suspend further wage-determination activities under the Public Contracts Act. In consequence, all of those determinations are hopelessly obsolete and afford no protection to employers against substandard competition for Government business.

The existing determinations should in each case be amended to reflect present-day conditions, and new determinations should be made for the additional industries in which Government purchases are substantial. Labor, too, has a real and legitimate interest in seeing that the standards of the act are properly implemented during the coming years.

WORK OF WASHINGTON OFFICE SUPPLEMENTS INSPECTION FIELD SERVICE

All of these services performed in the national office, of course, supplement and in effect guide the inspection field service, whether they deal with wage determinations under the Public Contracts Act or with coverage estimates or analyzation of inspection results under the wage-and-hour law. I mention this to emphasize the importance of the inspection program, which would be cut 25 percent, or down to 33,000 inspections under the proposed bill as passed in the House of Representatives.

HOUSE ACTION IN TRANSFERRING CERTAIN WORK FROM DIVISION OF
LABOR STANDARDS

I should also like to refer briefly to the report of the House subcommittee which recommended that certain functions of the Division of Labor Standards be transferred to the Wage and Hour and Public Contracts Divisions. Since our Divisions have as their primary responsibility the enforcement of the Fair Labor Standards Act and the Public Contracts Act, I feel that the transfer of the enforcement activities of the child-labor provisions of these acts from the Division of Labor Standards would be consistent with sound administration, as those functions are closely interrelated with our regular enforcement activities. As noted by the House, such an arrangement would permit economies, and I am therefore in accord with the \$35,819 approved for the continuance of such functions in the Wage and Hour Division. It is my feeling, however, that the functions now performed by the Division of Labor Standards in connection with research and assistance to States, on problems of child labor and youth employment can more appropriately be continued by the Division of Labor Standards, since we are not currently engaged in any comparable activity.

MISCELLANEOUS EXPENSES

STANDARD CLASSIFICATION SCHEDULE

(The standard classification schedule is as follows:)

Miscellaneous expenses, Wage and Hour Division, Department of Labor

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (—)	
				1948 esti- mate com- pared with 1947	Bill com- pared with estimate, 1948
02 Travel.....	\$7,390	\$7,390	\$5,540	-----	—\$1,850
03 Transportation of things.....	8,584	8,584	6,509	-----	—2,075
04 Communications.....	50,795	50,795	38,795	-----	—12,000
05 Rents and utility service.....	145,023	174,435	131,910	+\$29,412	—42,525
07 Other contractual services.....	129,097	129,097	102,772	-----	—26,325
08 Supplies and materials.....	15,698	15,698	11,873	-----	—3,825
09 Equipment.....	5,600	15,401	11,601	+9,801	—3,800
Total appropriation or estimate.....	362,187	401,400	309,000	+39,213	—92,400

AMOUNT OF INCREASE REQUESTED

Mr. McComb. The amount requested for the "Miscellaneous expenses" appropriation for the Wage and Hour Division is \$401,400. The House approved \$309,000. The amount which we request the Senate to restore to the "Miscellaneous expenses" appropriation is \$92,400. The restoration of the latter amount will permit a level of expenditure commensurate with our present operations and in line with our proposed program for the fiscal year 1948. This appropriation is also used for payments to States where joint inspection programs are conducted.

JOINT INSPECTION SERVICE IN TWO STATES

Senator KNOWLAND. How many such States are there where you have joint inspection?

Mr. McCOMB. We only have two.

Senator KNOWLAND. Are they Minnesota and North Carolina?

Mr. McCOMB. Minnesota and North Carolina.

TRAVEL EXPENSES

AMOUNT OF INCREASE REQUESTED

Restoration of \$98,900, the Wage and Hour Division's proportionate share of the proposed reduction in the departmental appropriation for "Travel," is also requested. This restoration is necessary in order to provide necessary travel allowances to our staff of inspectors in the field who are required to be in travel status on an average of 61 days per year.

VALUE OF PHYSICAL INSPECTION OF PLANTS

In closing, I should like to emphasize that, with regard to our enforcement activities under both acts, there is no real substitute for the physical inspection of a plant. Even when an employer realizes that his establishment is subject to the acts, he may be in violation inadvertently. It is in such cases that a friendly responsible inspector can be of greatest help in protecting the employer against such unintended violations.

NEED TO EXTEND JOINT INSPECTION SERVICE WITH STATES

Senator KNOWLAND. Just going back a minute to this joint inspection, is your Division making an effort to work out agreements with other States? Is there an affirmative policy under way to try to work out a joint inspection?

Mr. McCOMB. The other States know of it. If they approach us and apply to us for a program, we work with them and see if we can work out an agreement.

As you know, the object of starting such offices was to help the States in making inspections. If they had a good inspection force and had a law similar to ours, they might go in and make the inspection for us at the same time they made their own inspection.

However, that takes very close supervision, because if, citing an extreme case, you had all 48 States, you would find it very hard to have consistency in the enforcement of the law. One State might, for instance, be a little lax in the enforcement of the child-labor provisions. Another might be the other way. Since the goods produced in those States are competitive interstate, you do have to have a pretty good consistency or you will have unfair competitive conditions.

Senator KNOWLAND. It has been my observation in my own State of California that they have had rather high standards on matters of inspection. Of course, if that is so and in the States where that might be so, if you could eliminate the duplication of inspections, provided you were satisfied the enforcement would be just as good, it would be helpful all the way around, rather than have a Federal inspector come in one day and the State inspector the next.

Mr. McCOMB. I would agree with you, Senator. Of course, there would not be a great economy. We pay for it. We would not save money.

Senator KNOWLAND. But it would be an economy at least from the point of view of the person being inspected. He would not be subjected to two inspections, the nuisance angle of it.

Mr. McCOMB. That is correct. It is only a question of being very sure of your State. That is very important. Back in the early days of the Walsh-Healey Act, we had a very bad experience in one State in which they set up an organization to make inspections for us. After they made a few inspections, our own men happened to go in and found there were all sorts of violations cleared by that State inspector.

Finally, he started to go into the fourth plant, and they told him he could not go in the plant. It was just obvious that they were passing him up. We discontinued that agreement. That is an example.

EFFECT OF HOUSE REDUCTION

To conclude my statement with regard to our inspectors' aid to employers, that being true, I submit to you gentlemen, that with 550,000 covered establishments in this country, with 50,000 new ones coming into existence annually, a budget which would provide for only 33,000 inspections a year would be wholly inadequate. I hope, therefore, that you will consider restoring the budget for the Wage and Hour and Public Contracts Divisions to the modest level which we proposed originally to the House Appropriations Committee.

As I told you, I just came in recently, and when I got word from the former Administrator, Mr. Walling, that we had been cut 25 percent, I asked each of our regional directors if they could tell me what the effect would be of this 25-percent cut in the region. Their replies were very consistent. All of them sent in their own letters, saying they felt it would encourage violations.

I ask the Chair's attention to what the House said about reasonably good administration of the act and the fact it was accepted. Where the House was in error, and I think the statistics point to the error, is that they say when they cut us, that by these inspections over the years, we should have cut down the number of violators. Our statistics show that is not so. The range of violations has been from 48 to 54 percent almost from the beginning.

SUITS ON BEHALF OF EMPLOYEES

Senator BALL. Is it not possible for the individual employee or group of employees or union on behalf of the employees to file suits against violations for recovery?

Mr. McCOMB. It is.

Senator BALL. Have you any statistics on the number of suits filed of that character individually?

Mr. McCOMB. I asked, Senator Ball, the other day if we could have that. They told me that is very hard to get. We do know of a great many suits that are filed.

Senator BALL. I could see you would not, except as your attorneys are in contact with the district courts and know about it.

Mr. McComb. I could give you what we have but it would be valueless.

Senator BALL. My thinking is this: This law has been on the books since 1938, almost 10 years. This flow of portal-to-portal suits has certainly let everybody in the country who can read a newspaper know he has certain rights under this act, and that it is possible to sue to enforce those rights.

If the employees are advised of their rights, it would seem to me that suits for enforcement by individual employees might begin to take some of the load off the Government going in and policing these.

Personally, I think the less administrative procedure of this sort we have and the more individuals going to court to protect their own rights, the sounder we are in government.

Mr. WEISS. The great majority of employees are unorganized, at least 9 to 10 million under the act. They seldom, if ever, sue. If they all sued, it would completely clog the courts. We find 20,000 violations a year, at least, just those we find.

Mr. McComb. We have a very high percentage of settlement after we go in without going to court, which is a good proof that you can keep the employer out of trouble. We go in and make the inspection and tell him he should have been paying, and he settles up and pays up a very high percentage.

AMOUNT OF SETTLEMENTS BY YEAR

Senator KNOWLAND. Have you any figures as to the amount of settlements made per year for the last 10 years and the amount involved?

Mr. WEISS. Yes; we have those figures.

Senator KNOWLAND. I would like to have those for the record.

Mr. WEISS. You would like the amount of money involved and the number of cases? We can supply that information.

(The information is as follows:)

Results of inspection under the Fair Labor Standards Act during the period October 1938 through June 30, 1946, and under the Public Contracts Act during the period October 1942 through June 30, 1946, by fiscal year

	Total num-ber of estab-lish-ments inspected	Number covered ¹	Total num-ber in violation	Number in violation only of provisions other than minimum wage and overtime	In violation of mini-mum wage and/or overtime provisions		Establishments agreeing or ordered to pay restitution			
					Number	Percent of inspected estab-lish-ments	Total number	Number in violation of minimum wage provisions	Amount of restitution	Number of employees underpaid
All years, total.....	336, 119	307, 598	239, 676	79, 251	160, 425	48	127, 985	50, 692	\$98, 857, 760	2, 670, 159
Fiscal year 1939.....	402	314	218	51	167	42	161	125	51, 828	3, 514
Fiscal year 1940.....	3, 851	3, 345	2, 792	406	2, 386	62	2, 297	1, 470	1, 714, 494	70, 233
Fiscal year 1941.....	53, 248	43, 630	33, 273	9, 777	23, 496	44	20, 142	11, 377	11, 540, 889	379, 984
Fiscal year 1942.....	74, 914	67, 630	55, 576	15, 666	39, 910	53	28, 916	15, 497	20, 920, 956	578, 545
Fiscal year 1943.....	61, 170	56, 826	41, 122	14, 794	26, 328	43	19, 701	7, 185	16, 824, 021	389, 467
Fiscal year 1944.....	54, 431	51, 178	36, 815	11, 985	24, 830	46	20, 622	5, 699	18, 620, 369	534, 422
Fiscal year 1945.....	44, 271	42, 613	32, 834	10, 577	22, 257	50	19, 064	5, 436	15, 824, 377	442, 516
Fiscal year 1946.....	43, 832	42, 062	37, 046	15, 995	21, 051	48	17, 082	3, 903	13, 360, 826	271, 478

¹ Excludes establishments which were out of business or had no covered employees.

WORKERS COVERED LAST YEAR AND NUMBER UNDERPAID

Mr. WEISS. I have those figures Senator Ball asked for earlier. In those inspections we made last year, there were 2,768,296 covered workers. There were 364,721 workers underpaid either under section 6 or section 7 in those establishments.

Senator BALL. That is about 10 percent who were getting less than 40 cents an hour.

Mr. WEISS. Or were not getting their time and a half overtime. It covers both sections 6 and 7 violations, what we term "monetary violations." It was money owing either for minimum-wage violations or for overtime violations.

NUMBER OF MINIMUM-WAGE AND OVERTIME VIOLATIONS

Senator KNOWLAND. Can you break that down as between the two?

Mr. WEISS. I think I can. There were only 38,034 employees underpaid due to minimum-wage violations. The remainder of them must be overtime violations.

AMOUNT OF RESTITUTION MADE BY EMPLOYERS

The restitution which was agreed to by employers for both minimum-wage and overtime violations amounted to \$13,360,826. That is the amount the employers voluntarily paid back in restitution.

Senator BALL. We compromise those without the double figures.

Mr. WEISS. That is right. It is simple restitution.

COMBINING WORK OF VIOLATION INSPECTING AND VIOLATIONS OF SAFETY AND SANITATION

Senator KOWLAND. Would it be feasible for your inspectors, in your opinion, to be trained for violation inspecting and finding violations of safety and sanitation?

Mr. McCOMB. Senator, I am an engineer. I think that real safety and sanitation men have to be well trained. I have had some experience in that. I think our men can be trained to go in and observe. With the training by these special people we are putting on, they will know what to look for.

For instance, they may go into a plant and notice it has a pretty bad smell of gas. They are not sure whether it is harmful or not. They come back and report to us and tell us about it, and the trained safety inspector can go in and determine whether that is so or not.

They will notice unguarded wheels and unguarded cogs for safety defects.

SAFETY INSPECTIONS

Senator BALL. Where does your safety inspection arise under the Walsh-Healey Act?

Mr. McCOMB. That gives the authority.

Senator BALL. Most safety laws, or all of them, I thought, were State.

Mr. McCOMB. The Walsh-Healey Act is the only Federal statute, I believe, that contains the authority to enforce safety and health.

Senator BALL. Prescribe standards.

Mr. McCOMB. There are no particular standards prescribed. It says it shall be manufactured under reasonable safety and health and sanitation provisions.

Senator BALL. Your division is now going to undertake those kinds of safety inspections?

Mr. McCOMB. Yes. We have in the past had our inspectors observing. We worked very closely with the Army during the war. The Bureau of Labor Standards had set up this so-called safety council, and we worked with them. When we found bad cases, we reported to them. They in turn reported to this council. They would see what they could do to clean it up.

AGREEMENTS WITH STATES ON SAFETY INSPECTIONS

Senator KNOWLAND. Is there an exchange of information with the States so there will not be a gap?

Mr. WEISS. We have agreements with 20 States where they make the safety inspections for us and report the violations.

Senator BALL. Violations are violations of State laws, are they not? You have no Federal law, except the Walsh-Healey Act, which says they must meet minimum safety requirements prevailing in the area.

Mr. GARCEAU. That is correct.

Senator BALL. Do not all States now have safety laws?

Mr. McCOMB. I do not know, sir. They may have. You have some States that have them and do not enforce them, very aggressively, Senator. The Bureau of Labor Standards could tell you more about that than I could.

Senator BALL. I would not want to see a situation here where the Federal Government was duplicating a State function.

Mr. GARCEAU. We have not duplicated. We have drawn up these State agreements with the States where they have inspection forces of their own. In the case of the 20 agreement States, the State safety inspectors do all the inspecting under this law.

When we make an inspection under the Walsh-Healey Act and Wage and Hour Act, we take the last report of the State safety inspector, which is furnished to us under the agreement as a bona fide report of compliance with the State safety standards in that State. Some of the States do not have inspection forces, for instance. When they do not have them, we have to make inspections under the State law.

Senator BALL. Does the Walsh-Healey Act cover all Federal procurement, or just public work?

Mr. McCOMB. Not public work. It covers supplies, materials, and equipment in excess of \$10,000 per contract.

Senator BALL. It should cover practically all interstate commerce.

RESTITUTION BY EMPLOYERS

Senator McKELLAR. You say it costs upward of \$3,000,000, which was paid back by employees last year. How does that compare with the year before?

Mr. GARCEAU. It was \$13,000,000 in 1946. I think it was \$16,000,000 the year before. I can give you that figure. It was \$15,824,000 the year before.

INDUSTRIES BY STATES WHERE EMPLOYEES RECEIVED LESS THAN
MINIMUM WAGE

Senator BALL. Have you any break-down as to where these 38,000 employees receiving less than 40 cents an hour are, what industries they are in primarily?

Mr. WEISS. We have detailed figures on that by industries and by States. We could furnish it for you.

Senator KNOWLAND. You are going to furnish that.
(The information is as follows:)

Industry group	Esti- mated number of covered estab- lish- ments	Inspected establishments										Restitution agreed to	
		Total		In violation of major pro- visions ¹			In substantial violation of major provisions ³		In violation of minimum wage or child labor pro- visions				
		Num- ber	Percent of covered estab- lish- ments	Num- ber	Percent of inspected estab- lish- ments	Number of under- paid em- ployees ²	Num- ber	Percent of inspected estab- lish- ments	Num- ber	Percent of inspected estab- lish- ments	Number of under- paid em- ployees ²		
Total, all inspections	557, 030	43, 832	8	2, 768, 296	22, 058	50	271, 478	15, 817	36	6, 798	16	38, 034	\$13, 360, 826
Not classified by industry ⁴		1, 770											
Classified by industry, total	557, 030	42, 062	8	2, 768, 296	22, 058	52	271, 478	15, 817	38	6, 798	16	38, 034	13, 360, 826
Manufacturing industries, total	194, 140	21, 956	11	2, 363, 551	11, 875	54	200, 273	7, 811	36	4, 176	19	29, 475	9, 095, 594
Food and kindred products, total	26, 280	2, 660	10	211, 042	1, 592	60	24, 591	1, 140	43	547	21	4, 192	1, 170, 394
Meat products	3, 310	326	10	29, 612	205	63	5, 212	161	49	61	19	53	331, 839
Dairy products	3, 500	169	5	5, 108	95	56	578	81	48	33	20	150	35, 634
Canning and preserving	2, 700	519	19	79, 160	265	51	3, 905	171	33	137	26	189	95, 747
Grain-mill products	3, 760	316	8	14, 568	205	65	2, 167	133	42	55	17	117	97, 878
Bakery products	6, 370	269	4	15, 129	182	68	3, 501	140	52	61	23	509	238, 756
Confectionery and related products	1, 320	195	15	19, 780	114	58	4, 567	78	40	45	23	2, 399	87, 841
Bottled soft drinks	920	236	26	2, 203	144	61	644	123	52	37	16	35	47, 518
Alcoholic beverages	1, 050	177	17	22, 790	110	62	1, 785	50	28	22	12	340	118, 119
Manufactured ice	1, 040	140	13	2, 382	103	74	647	94	67	32	23	52	48, 887
Miscellaneous food products	2, 310	313	14	20, 310	169	54	1, 585	109	35	64	20	348	68, 175
Tobacco manufactures, total	1, 190	171	14	30, 326	101	59	900	59	35	54	32	484	24, 583
Textile and related products, total	6, 320	1, 043	17	124, 182	559	54	15, 385	307	29	217	21	2, 230	256, 506
Textile mills (excluding knitting mills)	2, 750	412	15	77, 953	215	52	8, 588	105	25	83	20	719	120, 881
Textile mill products, n. e. c.	1, 420	228	16	21, 463	118	52	1, 986	66	29	41	18	341	59, 380
Miscellaneous fabricated textile prod- ucts	2, 150	403	19	24, 766	226	56	4, 811	136	34	93	23	1, 170	76, 245

¹ Includes violations of child-labor, minimum-wage, and overtime provisions.

² Includes only employees to whom employers agreed to pay restitution.

³ Includes violations of the child-labor provisions of either act, and violations of the minimum-wage and overtime provisions involving back wages averaging \$10 per underpaid employee owed to a number of employees equal to at least 10 percent of the total number of covered employees of the establishment.

⁴ Only establishments with no covered employees are not classified by industry.

Results of inspections under the Fair Labor Standards and Public Contracts Acts, by industry, fiscal year 1946—Continued

Industry group	Estimated number of covered establishments	Inspected establishments											Restitution agreed to
		Total			In violation of major provisions ¹			In substantial violation of major provisions ³		In violation of minimum wage or child labor provisions			
		Num-ber	Percent of covered establish-ments	Number of covered employ-ees	Num-ber	Percent of inspected establish-ments	Number of under-paid employ-ees ²	Num-ber	Percent of inspected establish-ments	Num-ber	Percent of inspected establish-ments	Number of under-paid employ-ees ²	
Apparel and related products, total.....	22,410	2,724	12	171,951	1,337	49	19,974	746	27	546	8,550	20	\$424,327
Hosiery mills.....	900	161	18	16,658	64	40	436	26	16	21	39	13	26,573
Knitting mills (excluding hosiery).....	1,130	164	15	8,548	88	54	614	45	27	35	109	21	22,410
Men's and boys' coats and suits.....	2,450	188	8	17,325	105	56	1,635	56	30	37	181	20	44,478
Men's and boys' furnishings, etc.....	2,490	448	18	41,774	236	53	4,382	141	31	103	1,260	23	99,171
Women's and children's outerwear.....	9,810	893	9	40,003	415	46	3,764	203	23	146	1,018	16	111,215
Women's and children's undergarments.....	1,100	115	10	8,789	51	44	794	27	23	17	451	15	10,572
Millinery and hats.....	1,290	95	7	3,179	58	61	726	43	45	21	258	22	27,374
Trimmings and embroideries.....	2,080	422	20	12,953	198	47	3,148	137	32	95	1,786	23	43,251
Miscellaneous apparel, n. e. c.....	1,160	238	21	22,722	122	51	4,475	68	29	71	3,448	30	39,283
Leather and leather products, total.....	4,430	468	11	46,587	256	55	2,290	144	31	98	536	21	105,289
Footwear (excluding rubber).....	2,020	203	10	30,349	106	52	727	56	20	46	190	23	29,073
Luggage, bags, and small leather goods.....	940	131	14	5,371	77	59	663	47	36	36	244	27	17,815
Leather and leather products, n. e. c.....	1,470	134	9	10,867	73	54	900	41	31	16	102	12	58,401
Rubber products, total.....	1,520	299	20	18,673	212	71	2,371	185	62	67	277	22	105,967
Lumber and wood products, total.....	36,950	2,538	7	94,938	1,511	60	16,961	1,139	45	583	1,759	23	673,873
Logging camps and logging contractors.....	1,130	404	36	12,943	250	62	1,784	177	44	47	93	12	100,839
Sawmills and planing and plywood mills.....	31,670	1,356	4	49,093	830	61	9,206	643	47	364	962	27	338,125
Office and store fixtures.....	740	76	10	3,022	43	57	511	35	46	10	3	13	19,913
Wooden containers.....	1,290	305	24	16,437	177	58	3,457	127	42	68	232	22	118,590
Window and door screens and shades.....	680	54	8	1,893	33	61	515	28	52	14	26	26	23,768
Miscellaneous wood products, n. e. c.....	1,440	343	24	11,550	178	52	1,488	129	38	80	443	23	72,638
Furniture, total.....	3,870	459	12	24,366	272	59	2,979	172	37	100	507	22	126,021
Paper and paper products, total.....	3,280	520	16	54,212	288	55	8,319	157	30	104	1,460	20	152,229
Pulp and paper and paperboard mills.....	840	88	10	16,385	54	61	1,124	22	25	7	7	8	47,086

Converted paper products.....	2, 440	432	18	37, 827	234	54	7, 195	135	31	97	22	1, 453	105, 143
Printing, publishing, and allied industries, total.....	25, 470	2, 154	8	62, 687	1, 050	49	5, 715	820	38	487	23	1, 862	386, 358
Newspapers.....	6, 450	208	3	12, 351	144	69	1, 182	113	54	76	37	167	107, 589
Periodicals, books, and miscellaneous publishing.....	2, 790	216	8	16, 004	85	39	512	49	23	32	15	97	31, 876
Commercial printing, bookbinding, and related industries.....	12, 190	1, 317	11	23, 536	625	47	2, 734	518	39	298	23	1, 124	180, 489
Miscellaneous printing trades.....	2, 800	304	11	9, 379	132	43	950	95	31	59	19	384	54, 188
Duplicating and related services.....	1, 240	109	9	1, 417	64	59	337	45	41	22	20	90	12, 216
Chemicals and allied products, total.....	10, 310	1, 171	11	117, 700	602	51	10, 109	411	35	169	14	812	447, 919
Vegetable and animal oils and fats.....	880	33	4	2, 163	27	82	175	21	64	9	27	35	22, 301
Fertilizers.....	760	44	6	1, 414	22	50	335	18	41	7	16	6	12, 717
Products of petroleum and coal.....	1, 060	156	15	22, 670	67	43	2, 722	48	31	14	9	6	95, 195
Paints, varnishes, and colors.....	1, 230	152	12	6, 143	87	57	2, 061	69	45	20	12	136	59, 393
Drugs and medicines.....	1, 120	111	10	10, 383	57	51	562	28	25	19	17	63	30, 099
Chemicals and allied products, n. e. c.....	5, 260	675	13	74, 927	342	51	4, 254	227	34	100	15	566	228, 214
Stone, clay and glass products, total.....	6, 980	613	9	48, 280	354	58	6, 039	235	38	106	17	574	276, 416
Glass and glassware.....	780	96	12	10, 675	60	63	1, 518	43	45	22	23	214	66, 777
Clay products and pottery.....	1, 510	185	12	18, 876	105	57	1, 852	64	35	34	18	251	86, 032
Cement, concrete, and plaster products.....	3, 920	171	4	6, 851	104	61	782	68	40	26	15	17	39, 250
Nonmetallic mineral products, n. e. c.....	770	161	21	11, 878	85	53	1, 887	60	37	24	15	92	84, 357
Metals and metal products, total.....	34, 780	5, 492	16	1, 268, 397	2, 859	52	71, 189	1, 684	31	724	13	2, 622	4, 573, 551
Ship and boat building and repairing.....	(⁵)	143	-----	340, 203	83	58	7, 192	42	29	28	20	34	1, 284, 317
Transportation equipment, n. e. c.....	(⁵)	391	-----	247, 089	217	55	8, 671	115	29	57	15	941	328, 626
Electrical machinery.....	(⁵)	698	-----	173, 157	393	56	11, 522	227	33	135	19	92	390, 599
Machinery (excluding electrical).....	(⁵)	2, 079	-----	153, 639	1, 007	48	15, 051	669	32	257	12	973	1, 127, 592
Primary metal industries and fabricated metal products, n. e. c.....	(⁵)	2, 181	-----	354, 309	1, 159	53	28, 753	631	29	247	11	582	1, 442, 417
Miscellaneous manufacturing industries, total.....	10, 350	1, 644	16	90, 210	882	54	13, 451	612	37	374	23	3, 610	372, 161
Jewelry, silverware and plated ware, and costume novelties.....	2, 930	428	15	12, 885	228	53	2, 608	170	40	93	22	864	86, 441
Professional and scientific instruments.....	1, 060	348	33	36, 001	171	49	4, 544	111	32	67	19	398	111, 663
Toys and sporting and athletic goods.....	840	324	39	13, 010	195	60	3, 413	132	41	120	29	1, 915	67, 678
Miscellaneous manufacturing, n. e. c.....	5, 520	544	10	28, 314	288	53	2, 886	199	37	120	22	433	106, 379

⁵ Not available.

Results of inspections under the Fair Labor Standards and Public Contracts Acts, by industry, fiscal year 1946—Continued

Industry group	Esti- mated number of covered establi- shments	Inspected establishments										Restitution agreed to
		Total		In violation of major pro- visions ¹		In substantial violation of major provisions ²		In violation of minimum wage or child labor pro- visions		Number of under- paid em- ployees ²		
		Num- ber	Percent of covered establi- shments	Num- ber	Percent of inspected establi- shments	Num- ber	Percent of inspected establi- shments	Num- ber	Percent of inspected establi- shments			
Nonmanufacturing industries, total	362, 890	20, 106	6	404, 745	10, 183	51	40	2, 622	13	8, 559	\$4, 265, 232	
Mining, total	22, 960	771	3	23, 841	396	51	36	57	7	141	252, 645	
Metal mining	2 140	96	4	10, 139	68	71	48	4	4	3	63, 927	
Coal mining	6, 310	102	2	3, 677	51	50	33	6	6	1	56, 533	
Crude petroleum and natural gas	11, 600	337	3	7, 974	127	38	29	15	4	37	55, 217	
Nonmetallic mining and quarrying	2, 910	236	8	7, 051	150	64	44	32	14	100	76, 968	
Construction, total	16, 210	935	6	76, 715	529	57	41	58	6	210	304, 444	
Trade: Food and other farm products, total	37, 110	2, 533	7	31, 637	1, 352	53	46	451	18	1, 574	656, 355	
Dairy and poultry products	(5)	97		1, 730	47	48	36	21	22	160	15, 544	
Fresh fruits and vegetables	(5)	387		5, 174	204	53	48	50	13	171	118, 619	
Grain and farm supplies	(5)	177		2, 011	79	45	36	25	14	67	34, 848	
Livestock	(5)	54		398	35	60	57	11	19	52	8, 012	
Tobacco and its products	(5)	162		4, 872	79	49	36	27	17	142	33, 784	
Raw cotton	(5)	27		102	8	30	26	4	15	4	1, 132	
Farm products, n.e.c.	(5)	80		1, 080	43	54	44	17	21	125	16, 489	
Groceries and food specialties	17, 020	1, 545	9	16, 270	857	55	48	296	19	853	427, 927	
Trade (excluding food and farm products), total	110, 030	6, 793	6	85, 892	3, 191	47	40	866	13	3, 182	1, 268, 352	
Waste materials	4, 580	726	16	7, 139	398	55	47	179	25	562	134, 537	
Lumber and construction materials	9, 230	283	4	4, 827	193	50	42	37	10	96	93, 580	
Motor vehicles and equipment	11, 700	590	5	6, 893	345	58	48	98	17	291	162, 616	
Dry goods and apparel	8, 340	519	6	4, 464	189	36	33	76	15	483	66, 811	
Beer, wines, and liquors	4, 920	418	8	3, 800	167	40	35	32	8	163	67, 301	
Petroleum and petroleum products	14, 920	366	2	3, 390	157	43	36	24	7	39	35, 747	
Chemicals, drugs, and allied products	3, 830	419	11	5, 299	194	46	40	45	11	230	73, 753	
Furniture and householdings	2, 380	217	9	2, 085	91	42	37	23	11	47	36, 141	
Fuel and ice	7, 030	137	2	1, 477	74	54	48	11	8	19	47, 427	
Trade, n.e.c.	43, 100	3, 018	7	46, 518	1, 383	46	38	341	11	1, 252	550, 439	

Finance, insurance, and real estate, total....	53,260	4,416	8	63,948	2,106	48	16,304	1,563	35	590	13	1,356	679,937
Banking and trust companies.....	15,050	2,139	14	25,627	1,048	49	5,704	816	38	456	21	939	306,275
Insurance.....	18,360	1,420	8	29,827	659	46	8,413	457	32	75	5	270	229,343
Real estate.....	4,850	259	5	1,752	124	48	903	117	45	31	12	75	85,957
Finance, n. e. c.....	15,000	598	4	6,742	275	46	1,284	173	29	28	5	72	58,382
Highway transportation and warehousing, total.....	40,710	1,875	5	44,961	1,048	56	5,369	830	44	220	12	1,062	402,394
Highway transportation.....	39,260	1,508	4	36,501	845	56	4,437	675	45	192	13	1,035	329,324
Warehousing and storage.....	1,450	367	25	8,460	203	55	932	155	42	28	8	27	73,070
Public utilities, n. e. c., total.....	53,390	1,220	2	45,814	676	55	7,835	536	44	194	16	467	460,032
Railroad transportation.....	34,530	15	-----	2,924	6	40	11	4	27	6	40	11	598
Water transportation.....	1,440	167	12	3,518	137	82	1,251	128	77	31	19	63	127,619
Transportation n. e. c.....	2,100	20	1	1,221	10	50	552	8	40	2	10	2	50,229
Services incidental to transportation n. e. c.....	1,290	261	20	7,680	146	56	2,266	115	44	27	10	58	68,755
Communication.....	10,210	290	3	11,802	142	49	620	104	36	71	24	229	56,888
Heat, light, power and water.....	3,820	467	12	18,669	235	50	3,135	177	38	57	12	104	155,943
Miscellaneous industries, n. e. c. total.....	29,220	1,563	5	26,937	885	57	3,890	560	36	186	12	567	241,053
Business, repair and agricultural serv- ices, n. e. c.....	16,100	1,164	7	19,408	718	62	2,956	426	37	140	12	418	175,239
Motion pictures.....	1,300	85	7	1,692	36	42	191	30	35	13	15	38	30,585
Professional and related services.....	7,950	238	3	4,710	100	42	606	76	32	15	6	19	30,614
Membership organization, n. e. c.....	2,100	27	1	107	3	11	1	3	11	0	0	0	38
Nonmanufacturing industries, n. e. c.....	1,770	49	1	1,020	28	57	136	25	51	18	37	92	4,577

Senator BALL. They are concentrated in a few industries; are they not?

Mr. WEISS. I do not think that is so, Senator. I think it varies rather widely. I think if you will look at this table, it varies enormously. You will find a range of minimum wage violations from 7 or 8 percent to 22 percent in different industries. That does not mean all employees are underpaid, but it means there are some minimum wage violations.

SUITS BY EMPLOYEES

Senator BALL. Under the law, as I understand it, even one in cooperation with the Division and employer makes a settlement, if the individual employee wants to sue, he can still collect double.

Mr. GARCEAU. I think there have been one or two such suits. I do not know of very many, but I think there have been a couple.

Senator BALL. That is a defect of the law. The liability is still there.

Mr. McComb. I think you are right, and I think that should be corrected.

QUESTION AS TO TAKING OVER YOUTH RESEARCH AND YOUTH ADVISORY SERVICES FROM DIVISION OF LABOR STANDARDS

Senator KNOWLAND. Is the Wage and Hour Division presently equipped to take over the youth research and youth advisory services from the Division of Labor Standards?

Mr. McComb. Not the youth research, but the enforcement function. I think we can. We cannot take the other over. We do not have the people to do that type of a job. We could if they were given to us, but I do not see any reason why it should be given to us.

ENFORCEMENT WORK OF PROGRAM

Senator KNOWLAND. On the enforcement end of it, would you take over the personnel from the Bureau of Labor Standards?

Mr. McComb. We probably would to start off with. We would take over some of them, or as much as we were allowed by the Budget. The Budget did not give it to us completely; only part of it.

Senator KNOWLAND. Of the amount they allowed, how many employees on the enforcement end would that take care of?

Mr. GARCEAU. I think we figured eight.

Senator KNOWLAND. How many do they have now doing that enforcement work?

Mr. FRASER. I think it is 22. Their request was, I think, for 22 employees and \$92,000. It was reduced to \$35,000.

Senator KNOWLAND. That was their budget request originally, but what did they have this year?

Mr. FRASER. I am not familiar with what they had this year.

Mr. DODSON. I can answer that. That is what they have this year, 22; it will be reduced down to 7 or 8.

Senator KNOWLAND. The \$35,000 was to cover just seven or eight.

Mr. DODSON. That is correct.

Senator BALL. Did the Division of Labor Standards handle the management of child labor?

Mr. McCOMB. That was placed in there, Senator, when the Children's Bureau was moved out of the Department of Labor. The enforcement of the child-labor provision was put in.

Senator BALL. The original act induced them to undertake enforcement of that section.

Mr. McCOMB. The original act.

Senator BALL. And it was put in the Children's Bureau.

Mr. McCOMB. That is right.

BACKGROUND OF PRESENT ADMINISTRATOR

Senator DWORSHAK. You have been Administrator of the Wage and Hour Division only a very short time?

Mr. McCOMB. That is right.

Senator DWORSHAK. What was your experience and background prior to taking this position?

Mr. McCOMB. I have been with the Government since 1937, at that time with the Public Contracts Division. Then I was with the Administrator who just resigned, Mr. Walling. When he was made Administrator, I was appointed Deputy Administrator of the Wage and Hour Division.

Previous to that time, I worked in mining and manufacturing industries.

Senator DWORSHAK. What I was trying to ascertain was whether you are very well acquainted with the operations of the Wage and Hour Division and the practices under the administration of Mr. Walling. I presume you are because you were connected with him.

Mr. McCOMB. I just want to add this: After the act was enacted and when Mr. Walling was appointed Administrator the principal part of the office moved to New York. That was in 1942. Of course, that part of the office had a great deal of work on policy and various things of that kind. I knew of them after they had been filed. Sometimes I did not.

My job all during the war down here was principally working with the Army and Navy on all the Government contracts, which increased tremendously under the Public Contracts Act.

ADMINISTRATIVE ORDERS AND REGULATIONS OF PAST SEVERAL YEARS

Senator DWORSHAK. Are you aware of the extent to which administrative orders and regulations have been issued by Mr. Walling during the past several years—

Mr. McCOMB. Yes.

Senator DWORSHAK. In which they have allegedly changed the intent of Congress in the enactment of the Wage and Hour Act.

Mr. McCOMB. I am not aware how much they have changed the intent.

Senator DWORSHAK. How many regulations and administrative orders have been issued?

Mr. WEISS. There were very few regulations issued under the specific authority of the act. Of course, there have been many thousands of letters.

Senator DWORSHAK. Let us call them interpretations.

Mr. WEISS. Many thousands of letters have been written advising individual people who inquire about the act, about coverage, and so forth. Many thousands have been written. I would not be able to give you the exact figure.

INTERPRETATIONS OF FAIR LABOR STANDARDS ACT

Senator DWORSHAK. I have been glancing through the Fair Labor Standards Act and the Code, the 1940 edition. I am amazed to find there have been so many different interpretations which may be in direct conflict with the congressional intent. I am wondering how far that authority extends. Do you recognize or feel that the Wage and Hour Division has that authority under the act to make hundreds, if not thousands, of interpretations?

Mr. McCOMB. I think we are required to, Senator. I think when an employer writes in and asks us if he thinks he is covered and is manufacturing something, whatever it may be, we must go ahead and give him the best answer we can.

Senator DWORSHAK. I did not include that in that category. I meant over-all regulations which apply to an entire industry or to the entire country, not the specific individual cases.

Mr. McCOMB. Generally, I assume that most of those general interpretations are an outcome of those individual letters. You get a letter from an individual in an industry or there is a suit filed. After that has been completed, we sometimes issue general interpretations so as to guide all the rest of the industry and tell them what we consider to be the law.

INTERPRETATIONS OF EXEMPTIONS APPLYING TO AGRICULTURAL WORKERS

Senator DWORSHAK. To be specific, in the agricultural States which I represent in the Senate, we have had almost constant dissension and turmoil because it is alleged that the Wage and Hour Division has made interpretations of the exemptions applying to agricultural processes which were not in accord with the original act.

You are aware of that fully; are you not?

Mr. McCOMB. I am aware of that.

Senator DWORSHAK. Do you not think a lot of that has been unnecessary?

Mr. McCOMB. No; the Senate struggled for quite some time with a definition of area of production. There was a question on the production of farm products and where they should come from to be in the Area of Production. After a considerable discussion of it, they wrote the act and in it directed the Administrator to make definitions.

The first Administrator made a definition, and that definition was accepted for quite some time. When it got to the Supreme Court, they overturned it. When the Supreme Court overturned the definition it said to the Administrator, "You write a new definition."

We held hearings all over the country, and I think that is probably the reason you have had this come to your attention. We have tried to work out a new definition of area of production.

Senator DWORSHAK. Generally, though, your division is not desirous of making it more difficult for industries or employers in agriculture and otherwise to operate and to force small businesses to liquidate.

Mr. McCOMB. Of course, we are not desirous of doing that.

Senator DWORSHAK. In compliance with the regulations of this act, I think it was required by Congress that the employers should live up to it religiously; but beyond that point, I think the Wage and Hour Division should be cautious because when you overstep your authority, it is inevitable that you will jeopardize compliance with the act.

Mr. McCOMB. I agree with you on that.

QUESTION AS TO NEED FOR REQUESTED INCREASE

Senator DWORSHAK. Do you think it is necessary to have full restoration of more than a million dollars, which was taken out of your appropriation by the House?

Mr. McCOMB. My principal reason is just what we are discussing here, Senator, with you. That is, I do think it is necessary because we must obtain a reasonable degree of compliance.

Incidentally, as Administrator, I have said to this staff that I think our principal job is one of inspecting.

If we were cut, I would like to try to save as much of the inspection staff as possible.

I think these are some of the problems that have just been cited. Many employers have come to us for advice and help, and we try our best to help them. I believe the more inspectors we have, the better job we can do for the employer and the small businessman. He always does run the risk of the double penalty payment.

I am not sure as I do not have the statistics, but I believe I can say that we have been correct over 90 percent of the time. Where an employer was subject to the act and he has said, "I am not going to pay any attention to you. I do not think you are right," and the case has gone to court, we are correct well over 90 percent of the time.

Senator DWORSHAK. Have not you the act to rely on if you charge some employer with violation? Cannot you point to the specific provision of the act which is allegedly violated?

Mr. McCOMB. We do, Senator, but they often say, "We are not covered." They do not take our word for it.

Senator DWORSHAK. There are certain exemptions included in the act. If the employer is entitled to one of those exemptions, he is outside. If he is not entitled to an exemption, he should be subjected absolutely to the provisions of the act.

That should not be much of a controversial issue.

Mr. McCOMB. There are lots of them; a great many.

Senator McKELLAR. I do not recall specifically any of these four gentlemen in the many hearings I have sat in before, but it seems to me we have had as intelligent a discussion of this question as I have ever listened to. I want to compliment them on the way they have presented it to you. They have presented it intelligently, and I want to compliment you.

I am not saying I am going to vote for it, because I think we ought to cut down expenses to the greatest degree possible and have good government; but I have sat here and listened to you and I have been very greatly informed.

Mr. McCOMB. Thank you.

INCREASE IN NUMBER OF EMPLOYEES SINCE 1939

Senator KNOWLAND. You were not here, Mr. McComb, at the time, but perhaps one of the other gentleman could answer the question merely for the record. In your Wage and House Division in 1939, there were 704 employees. In 1940 that jumped to 1,776; then to 2,589 in 1941; and by 1946 it had dropped down to 1,267. Last year, it was about 1,365. Was that jump from 1939 to 1940 largely because of war contracts?

Mr. WEISS. The Division was just building up. The law was passed in October 1938, and it took several years to get civil-service registers, so that the first full budget was in the fiscal year 1941.

Mr. FRASER. Actually, the registers were not even available for employing these inspectors until January 1940, and the junior inspector, which is the apprentice inspector job until March 1941. It was not until the latter part of the fiscal year 1941 that we were fully recruited. It was the subsequent fiscal years that we started to drop back.

Senator KNOWLAND. I wanted to get that clear for the record.

BREAK-DOWN OF PRESENT PERSONNEL

Senator BALL. You have now 1,312 employees; 606 are inspectors. Can you give us the board categories of the rest of them?

Mr. FRASER. In the national office, we have 255. I would say that the balance from 606 to the 1,156, which is the total we requested in the field, are positions such as regional directors, top supervisory staff, facilitating personnel for the inspectors, including their immediate supervisors and the people who work directly under them, inspection clerks, and so forth, and those people who maintain the files, do the typing of the reports and the other clerical work.

Mr. GARCEAU. There is a necessary amount of facilitating work that can be done with lower paid employees—for instance, computations and transcription of the records. The inspector can then go out on another case. He can turn that work over to the clerical type personnel to complete. So, we do not have to pay that top salary for this clerical work.

Senator BALL. Could you furnish the committee with a break-down of how many people you have in the various grades in the national office and in the field?

Mr. FRASER. We will be glad to do that.

(The information is as follows:)

Statement of positions requested, fiscal year 1948

DEPARTMENTAL SERVICE

Grade	Title	Positions	Amount
CAF-16....	Administrator.....	1	\$10,000
CAF-15....	Deputy administrator.....	2	20,000
CAF-14....	Director of branch.....	1	8,399
CAF-13....	Information assistant.....	1	7,210
CAF-13....	Assistant to deputy administrator.....	1	7,268
CAF-13....	Assistant director of branch.....	1	7,213
CAF-13....	Business manager.....	1	7,305
CAF-13....	Liaison officer.....	1	7,314
CAF-12....	Administrative analyst.....	1	6,381
CAF-12....	Chief of section.....	1	6,384
CAF-12....	Assistant business manager.....	1	5,905

Statement of positions requested, fiscal year 1948—Continued

DEPARTMENTAL SERVICE—Continued

Grade	Title	Positions	Amount
CAF-12	Inspection liaison officer	4	\$24,744
CAF-12	Safety engineer	1	5,905
CAF-11	Industrial analyst	1	5,404
CAF-11	Administrative analyst	1	5,404
CAF-11	Assistant organization and methods examiner	1	4,902
CAF-11	Inspection report analyst	1	5,153
CAF-11	Inspection liaison officer	6	31,889
CAF-11	Chief, Classification Section	1	4,902
CAF-11	Chief, Placement Section	1	4,902
CAF-9	Information assistant	1	4,275
CAF-9	Administrative assistant	2	8,632
CAF-9	Administrative analyst	1	4,381
CAF-9	Inspection report analyst	2	9,283
CAF-9	Chief, Appointment and Record Section	1	4,516
CAF-9	Chief, Office Service Section	1	4,516
CAF-9	Associate organization and fiscal investigator	1	4,299
CAF-8	Restitution analyst	1	4,198
CAF-7	Special and supervisory employees	11	39,990
CAF-6	do	7	23,429
CAF-5	Special and secretarial employees	10	29,548
CAF-4	Secretarial and clerical employees	42	107,155
CAF-3	Stenographic and clerical employees	76	177,222
CAF-2	Typist and clerical employees	36	76,190
P-7	Director of branch	1	8,836
P-6	Industrial economist	2	15,162
P-6	Labor economist	1	7,682
P-5	Industrial economist	1	6,384
P-5	Labor economist	2	12,768
P-4	Industrial economist	4	21,650
P-4	Economist	1	5,481
P-4	Statistician	1	5,345
P-4	Labor economist	2	10,808
P-3	Economist	1	4,608
P-3	Industrial economist	3	13,442
P-3	Labor economist	2	8,907
P-2	Economist	7	26,863
P-1	do	2	5,714
CPC-3	Messengers and laborers	4	8,104
	Subtotal	255	846,005

FIELD SERVICE

CAF-14	Regional director	13	\$115,242
CAF-13	Information officer	4	28,408
CAF-13	Assistant regional director	13	98,056
CAF-13	Territorial representative	1	7,581
CAF-12	Inspection supervisor	7	44,560
CAF-12	Territorial representative	1	6,384
CAF-11	Inspection supervisor	17	93,338
CAF-11	Territorial representative	1	5,404
CAF-11	Inspection report analyst	13	69,226
CAF-11	Safety engineer	5	24,511
CAF-10	Inspection supervisor	45	221,930
CAF-9	Inspector	34	152,857
CAF-9	Inspection report analyst	1	4,477
CAF-9	Administrative assistant	5	22,029
CAF-8	Inspector	443	1,835,141
CAF-7	do	62	227,509
CAF-7	Administrative assistant	8	29,753
CAF-6	do	1	3,146
CAF-6	Inspector	66	211,416
CAF-5	Secretarial and special	15	43,629
CAF-4	Secretarial and clerical	100	258,470
CAF-3	Stenographic and clerical	224	522,693
CAF-2	Typists and clerical	72	150,990
CAF-1	Clerical	4	7,563
CPC-2	Messenger	1	1,690
	Subtotal	1,156	4,186,003
	WAE and additional pay for foreign service		37,357
	Total cost, Wage and Hour	1,411	5,069,365
	Deduct, lapse	79	266,265
	Net cost, Wage and Hour	1,332	4,803,100

Statement of positions requested, fiscal year 1948—Continued

FUNCTIONS TRANSFERRED FROM DIVISION OF LABOR STANDARDS

Grade	Title	Positions	Amount
CAF 12....	Child-labor consultant.....	1	\$6,870
CAF-11....	Inspection analyst.....	1	5,905
CAF-11....	Procedure analyst.....	1	5,905
CAF-11....	Inspection liaison officer.....	1	5,905
CAF-4....	Clerk.....	1	2,846
CAF-4....	Secretary.....	1	2,846
CAF-4....	Statistical clerk.....	1	2,846
CAF-3....	Clerk-stenographer.....	1	2,696
	Total.....	8	35,819
	Total estimate or appropriation		4,838,919

QUESTION AS TO SMALLEST AMOUNT OF APPROPRIATIONS NEEDED

Senator McKELLAR. Would it be possible to furnish the lowest amount you could get along with? I want to be fair to the Government and help you as well. By the way, I want my remarks to apply to all four of you. I did not mean just one. I meant all four.

Mr. WEISS. Thank you, sir.

Senator McKELLAR. I wish you would give us those figures.

(The information is as follows:)

The primary work of the Wage and Hour and Public Contracts Divisions is centered around securing compliance with the Fair Labor Standards Act and the Public Contracts Act through enforcement activities.

The staffs in both the national office and regional offices of the Divisions have been operating on a minimum budget since 1942, and I feel that we cannot go below that minimum and secure the reasonable degree of compliance which Congress would desire. In other words, the simple story of the Divisions is that the budget we have submitted envisages no extras and no frills, and if the Congress feels that the budget for the Divisions should be cut, the only way that it can be done is to eliminate some of the services we have been performing for both management and labor.

Under the proposed 25-percent reduction, the number of inspections would have to be decreased from 45,000 to 33,000, and 4 regional and 17 field offices would have to be closed.

Senator KNOWLAND. We have at this time the United States Conciliation Service.

UNITED STATES CONCILIATION SERVICE

STATEMENTS OF EDGAR L. WARREN, DIRECTOR; HOWARD T. COLVIN, ASSOCIATE DIRECTOR; WILLIS H. RAY, ADMINISTRATIVE ASSISTANT; AND JAMES J. DINNENY, BUSINESS MANAGER, UNITED STATES CONCILIATION SERVICE, WASHINGTON, D. C.

SALARIES AND EXPENSES

STANDARD CLASSIFICATION SCHEDULE

(The standard classification schedule is as follows:)

Salaries and expenses, commissioners of conciliation, Department of Labor

Standard classification	Estimate, 1947	Estimate, 1948	Amount— recom- mended by House	Increase (+) or decrease (—), 1948 estimate compared with 1947	Increase (+) or decrease (—), bill compared with estimate
01 Personal services.....	\$2, 409, 176	\$2, 495, 330	\$1, 896, 930	+\$86, 154	—\$598, 400
02 Travel.....	16, 950	16, 950	16, 950	-----	-----
03 Transportation of things.....	3, 000	3, 000	3, 000	-----	-----
04 Communication services.....	96, 000	96, 000	96, 000	-----	-----
05 Rents and utility services.....	48, 250	55, 320	55, 320	+7, 070	-----
07 Other contractual services.....	3, 000	3, 000	3, 000	-----	-----
08 Supplies and materials.....	6, 400	6, 400	6, 400	-----	-----
09 Equipment.....	1, 200	2, 400	2, 400	+1, 200	-----
Grand total obligations.....	2, 583, 976	2, 678, 400	2, 080, 000	+94, 424	—598, 400
Transferred to "Salaries, office of Secretary of Labor".....	+5, 094	-----	-----	—5, 094	-----
Received by transfer from "Salaries, office of Secretary of Labor".....	—7, 070	-----	-----	+7, 070	-----
Excess of obligations over appropri- ation due to Public Law 390.....	—282, 000	-----	-----	+282, 000	-----
Total appropriation or estimate..	2, 300, 000	2, 678, 400	2, 080, 000	+378, 400	—598, 400

Senator KNOWLAND. May we hear from Mr. Warren, please?

Mr. WARREN. Senator Knowland, I may mention that if I am slow in my responses it is because I have been up for 2 or 3 nights working on the telephone situation.

Senator KNOWLAND. I hope your loss of sleep will soon be justified by settlement of the problem.

Mr. WARREN. Thank you, Senator. We are very anxious to bring about the settlement.

Senator McKELLAR. Are you hopeful?

Mr. WARREN. We are hopeful. Both parties are very anxious to arrive at a settlement.

Senator KNOWLAND. All right.

(The digest is as follows:)

DIGEST OF STATEMENT

Statement by Edgar L. Warren, Director, United States Conciliation Service, before Senate Subcommittee on Labor-Federal Security Appropriations

The amount requested for salaries and expenses for the United States Conciliation Service is \$2,678,400. The House approved \$2,080,000. The amount we request the Senate to restore is \$598,400.

We requested \$290,603 for departmental use. The House action limits this amount to \$133,500.

Our budget for the current year is \$2,582,000 with a limitation of \$220,255 for departmental use.

In summary, the House action has the following effects:

Eliminates Director and Special Assistant to the Director.

Eliminates Chief of Field Operations Branch.

Eliminates Chief of (Program Planning, Analysis, and Training) Branch; Assistant Chief of Branch; two of the three chiefs of Section (Materials, Training, Records, and Analysis); Assistant Chief of Section; two of the three informational analysts; two training analysts; one statistical analyst.

Eliminates Chief of Arbitration Branch.

Eliminates Chief of Technical Branch, and 6 of the 18 technical commissioners of conciliation.

Eliminates Chairman of Trucking Commission.

Eliminates 7 regional directors.

Eliminates 7 assistant regional directors.

Eliminates 3 branch supervisors.

Eliminates 21 commissioners of conciliation in the field.

Eliminates correspondence supervisor, and 9 clerical and stenographic employees in the departmental service.

Eliminates 32 stenographic and clerical employees in the field.

No agency can operate without direction and supervision.

The House, it appears, has repudiated the unanimous recommendations of the President's National Labor-Management Conference on Industrial Relations and also the action of the Labor-Management Advisory Committee which has advised us on the reorganization program.

When the President's National Labor-Management Conference on Industrial Relations adjourned in November 1945, it had reached unanimous agreement on one point, namely "reorganization of the United States Conciliation Service to the end that it will be established as an effective and completely impartial agency within the Department." The Conference went on to make certain specific recommendations for strengthening the service.

Sole discretion for the acceptance or rejection of the recommendations of the Labor-Management Conference reposed with the Secretary of Labor and myself as Director of Conciliation. In reality, a unanimous labor-management recommendation to an agency which is without authority except as it is voluntarily accepted and used by employers and by unions amounts to a mandate to that service. The Secretary and I accepted these recommendations of the President's Conference, and as a result, specific steps were taken to strengthen the service.

1. The work of mediation and conciliation was decentralized. Two new regional offices were set up, raising the total to seven. Authority and responsibility for the actual supervision of mediation and conciliation were placed in the hands of the seven regional directors under whom the entire field staff of conciliators works. In the belief that conciliation can be accomplished most efficiently when it is handled in the community where the disputes arise, the regions in turn are being decentralized through the establishment of branch offices. The net result has been to take out of Washington and into the industrial centers 99 percent of the actual work of conciliation and to increase the supervision of the work of our conciliators.

2. The Washington office was reorganized to exercise general over-all supervision and to function as a central planning and coordinating staff for the service, to direct constant training of working conciliators and to service the conciliators in the field.

3. With the approval of the United States Civil Service Commission and the Budget Bureau, the salary scale for the entire service was increased approximately one grade and 11 new CAF-15 grades established in order to hold and attract men competent to perform the functions expected of them.

4. The Arbitration Branch was reorganized. Full-time staff arbitrators were discontinued and in their stead a National Panel of Arbitrators of 160 men was created, each one of whom has been cleared for competence and impartiality by regional and national labor-management advisory committees. Free arbitration was reduced and arbitrators' fees have been standardized.

5. The Technical Branch was enlarged and decentralized with its Technical Commissioners of Conciliation (industrial engineers and wage analysts) assigned to work out of the regional office under the careful supervision and review of the chief of the Technical Branch in Washington.

6. A Program Branch was established to organize and direct the in-service training program, to supply conciliators with information essential to their mediation activities, to compile and analyze the operating records of the service and to assist in the development of new mediation techniques.

7. A panel of special conciliators was established of 26 outstanding men in the industrial relations field, each of whom has agreed to be available on call for use in particularly difficult disputes in which men of national repute might be helpful as mediators. These men are paid only for the actual days when they are employed as mediators.

8. Every one of these changes in the structure and policy of the service has been made with the approval of the Labor-Management Advisory Committee which was appointed by the Secretary of Labor in January 1946. This Committee is composed of men nominated for the Committee by the National Association of Manufacturers, the United States Chamber of Commerce, the American Federation of Labor, and the Congress of Industrial Organizations.

We believe that the record bears out the success of our reorganization in building a more effective conciliation agency equipped to carry out its serious responsibilities. Last year, our conciliators were instrumental in aiding in the peaceful settlement of 13,000 labor-management disputes. In 9 out of every 10 disputes in which our conciliators were given a chance to try their talents before a strike has begun, there was no interruption of work. We have received several hundred testimonial letters from management and labor who have benefited from our services. In all the House attack on our service, there has been no criticism of our effectiveness as conciliators.

Our policy of free collective bargaining is the only one we can accept if we are to maintain our free enterprise system. A strong Conciliation Service is essential to the preservation of that policy.

The action of the House would eliminate every effort we have made to strengthen the service pursuant to the recommendations of the President's Labor-Management Conference on Industrial Relations. There may be better ways to operate a mediation agency, but so long as the usefulness of that agency depends upon the voluntary acceptance of its services by management and labor, I can see no practical alternative to acceptance of the unanimous opinion of the two groups.

We believe that the Congress will be making a sound investment in appropriating \$2,678,000 for the Conciliation Service.

AMOUNT OF INCREASE REQUESTED

Mr. WARREN. The amount requested for "Salaries and expenses for the United States Conciliation Service" is \$2,678,400. The House approved \$2,080,000. The amount which we request the Senate to restore in this appropriation is \$598,400.

I appreciate very much the opportunity afforded me to appear before this committee and to discuss with you the basis of our appeal from the cut in our appropriations as adopted by the House of Representatives.

Senator KNOWLAND. The amount we had was \$2,678,400?

Mr. WARREN. That is correct.

EFFECT OF HOUSE ACTION

If we were to sum up in one sentence the effect of the House action, I think we could best do so by saying that it undoes every constructive step we have taken the last year and a half since the President's National Labor-Management Conference.

RECOMMENDATIONS OF PRESIDENT'S NATIONAL LABOR-MANAGEMENT CONFERENCE

When the President's National Labor-Management Conference on Industrial Relations, which was composed of representatives of the National Association of Manufacturers, Chamber of Commerce, American Federation of Labor, Railway brotherhoods, Congress of Industrial Organizations, and United Mine Workers, adjourned in November 1945, it had reached agreement on few points, but one principal one was, "reorganization of the United States Conciliation Service to the end that it will be established as an effective and completely impartial agency within the Department." The Conference went on to make certain specific recommendations for strengthening the service.

Although it could be argued that sole discretion for the acceptance or rejection of the Labor-Management Conference recommendations reposed with the Secretary of Labor and the Director of Conciliation, actually a unanimous recommendation to an agency which is without

authority except as it is voluntarily accepted and used by management and labor amounts almost to a mandate to that service.

The Secretary and I accepted these recommendations of the President's Conference as matters which should be adopted unless there were important reasons for rejecting them. We found no such reasons, but on the contrary, we found the recommendations sound.

STEPS TAKEN TO STRENGTHEN CONCILIATION SERVICE

As a result of the specific recommendations of that Conference, several steps were taken to strengthen the service.

1. The work of mediation and conciliation was further decentralized. Two new regional offices were set up, bringing the total to seven. The authority and the responsibility for assignment and supervision of mediation and conciliation was placed in the hands of the seven regional directors under whom the entire field staff of conciliators work.

LOCATION OF REGIONAL DIRECTORS

Senator McKELLAR. Where are they located?

Mr. WARREN. Boston, New York, Atlanta, Cleveland, Chicago, Kansas City, and San Francisco.

Senator McKELLAR. All right.

DECENTRALIZATION PROGRAM

Mr. WARREN. On the belief that conciliation can be accomplished most efficiently when it is handled in the community where the dispute arises, the regions in turn are being decentralized into branch offices. The net result has been to take out of Washington into the industrial centers 99 percent of the actual work of conciliation and to increase the supervision over the work of our conciliators.

REORGANIZATION OF WASHINGTON OFFICE

2. The Washington office was reorganized to exercise general over-all supervision and to function as a central planning and coordinating staff for the organization, to direct constant training and retraining of conciliators and to service the conciliators in the field with information and material to aid in their work.

NUMBER OF BRANCH OFFICES

Senator BALL. May I ask you how many you have?

Mr. WARREN. Seven. We have four branch offices where the case assignments are made. There are three other branch offices which have not yet taken over that responsibility right from the branch office but where they have to go to the regional office.

Senator BALL. I was going to ask that when either party requests conciliation service, the decision is given to them in the field and does not have to come here?

Mr. WARREN. That is right. Either the region or the branch, and we have been trying to get that expedited.

INCREASE IN SALARY SCALE

3. With the approval of the Civil Service Commission and the Bureau of the Budget, the salary scale for the entire service was increased approximately one grade and 11 new CAF-15 grades were established in order to hold and attract men competent to perform the functions expected of them.

REORGANIZATION OF ARBITRATION DIVISION

4. The Arbitration Division was reorganized, full-time staff arbitrators were discontinued and in their stead a National Panel of Arbitrators was created with 160 men who have been cleared for competence and impartiality by regional and national labor-management advisory committees. Free arbitration was reduced and arbitrators fees were standardized.

TECHNICAL DIVISION ENLARGED AND DECENTRALIZED

5. The Technical Division was enlarged and decentralized with its technical commissioners of conciliation—industrial engineers and wage analysts—assigned to work out of the regional offices under the careful supervision and review of a technical branch head in Washington.

PANEL OF SPECIAL CONCILIATORS CREATED

6. A panel of special conciliators was created of 26 outstanding men in the industrial relations field, each of whom has agreed to be available on call for use in particularly difficult disputes in which men of national repute might be helpful as mediators. These men are paid only for the actual days when they are employed in mediation.

PROGRAM BRANCH ESTABLISHED

7. A Program Branch was established to organize and direct the in-service training program, to supply conciliators with information essential to their mediation activities, to compile and analyze the operating records of the service and to assist in the development of new mediation techniques.

CHANGES MADE IN APPROVAL OF LABOR-MANAGEMENT ADVISORY COMMITTEE

Every one of these alterations in the structure and policy of the service has been made with the approval of the Labor-Management Advisory Committee which was appointed by the Secretary of Labor in January 1946. This Committee is made up of men nominated for that Committee by the National Association of Manufacturers, the United States Chamber of Commerce, the American Federation of Labor, and the Congress of Industrial Organizations.

RESULTS OF EFFORTS TO STRENGTHEN SERVICE

I believe that the record bears out the success of the steps taken in strengthening and building a more effective conciliation agency equipped to handle its assigned function of voluntary mediation. In

the last year, our conciliators were instrumental in aiding in the peaceful settlement of 13,000 labor-management disputes. In 9 out of every 10 disputes in which our conciliators were given a chance to try their talents before a strike had begun, there was no interruption of work.

We have scores of letters in our files from management and labor who have benefitted from our services. In all the attacks on our service there has been no criticism of our increasing effectiveness as conciliators. I believe if you will ask the leading management and labor representatives in your home States, you will discover that they will give us full credit for an improving service.

LETTER APPEARING IN NEW YORK TIMES OF MARCH 26, 1947

Beyond that I would only like to read you part of a letter which appeared in the New York Times of March 26. I read it because it is signed jointly by five of the Nation's leading experts in labor-management relations, men whose intelligence, integrity, and impartiality is beyond question.

The letter is submitted with my statement and reads as follows:

The Times, of March 22, reports that the House Appropriations Committee has recommended a substantial reduction in the appropriations for the United States Conciliation Service.

In the field of labor-management relations there are few points upon which unanimous agreement can be secured. One of these points is the importance of the voluntary processes of conciliation and mediation when initial negotiations fail to produce agreement. There is virtually universal agreement that existing conciliation facilities should be strengthened and improved.

The President's National Labor-Management Conference in November 1945, unanimously recommended: "Congress should immediately make available funds for improving and strengthening the Conciliation Service." Recently the Committee for Economic Development recommended that the Conciliation Service "be staffed by persons of high professional competence and given funds sufficient to permit it to deal effectively with the responsibilities assigned to it." Many witnesses before congressional committees have reiterated similar views.

During the last year much has been done to improve the impartiality and competency of the Conciliation Service. A labor-management committee now advises the director on all matters of policy, a group of special mediators has been established for service in major cases, a national panel of arbitrators, jointly approved by labor and management, has been formed, and the list will be published shortly; a training program within the Service, set up as a result of the unanimous recommendation of the Labor-Management Conference, is making significant contributions toward a well-trained service currently abreast of developments in the field of industrial relations.

Adequate funds are of the utmost importance if a conciliation service, regardless of where it may be placed within the Government for administrative purposes, is to attract and retain individuals of the highest possible competence and assured impartiality. The cut proposed by the committee would make impossible the attainment of this goal.

We need to carry forward, rather than abandon, the improvements which have recently been made. The necessary cost of an able and impartial conciliation service is a small price to pay for the contribution such a service can make to industrial peace.

That letter is signed by E. Wight Bakke, Yale University; Douglass V. Brown, Massachusetts Institute of Technology; J. Douglas Brown, Princeton University; Sumner S. Slichter, Harvard University; George W. Taylor, Wharton School of Finance, University of Pennsylvania.

CASES SETTLED LAST YEAR

Senator McKELLAR. How many cases have been settled?

Mr. WARREN. Last year there were 13,000 cases in which our people participated.

Senator McKELLAR. Last year; you mean June 30, last year?

Mr. WARREN. Yes.

CASES SETTLED THIS YEAR

Senator McKELLAR. Do you know how many this year?

Mr. WARREN. Yes; I have them by months.

In February of this year we had a total of assignments made to dispute situations of 1,199; January, 1,272; December, 1,258; November, 1,276; October, 1,463; September, 1,238; and so on.

NUMBER OF CASES PER MONTH

There are about 1,200 to 1,400 cases a month.

PERCENTAGE OF CASES SETTLED WITHOUT STRIKES

Senator McKELLAR. Were these cases that were actually and practically settled or how often did you fail?

Mr. WARREN. In 90 percent of the cases where our men are assigned before a strike begins, those cases are settled without any strike action. There are a number of cases and significantly, I think, in two-thirds of the strike cases where there are actually strikes, our men have not been assigned until the strike has begun; that is one of the difficulties under which we have operated, that strikes are often called without the Conciliation Service participating.

HOW SERVICE ENTERS DISPUTE CASES

Senator BALL. Do you ever go into a dispute case except at the request of one of the parties?

Mr. WARREN. We occasionally offer our services but usually only at the request of other Government agencies. During the war and up to the present time, there has been, of course, a requirement that unions file strike notice with us.

When a strike notice is filed we get in touch with the parties and assign a conciliator to find out whether or not there is an actual present strike. If the parties say, "We do not want you," of course, he does not actively participate in the case.

Senator BALL. Either party?

Mr. WARREN. If either party takes that position. We never force our services on anyone. In some instances either labor or management say, "We do not want your services."

INSTANCES IN WHICH SERVICE ENTERED DISPUTE CASES ON ITS OWN MOTION

Senator BALL. Could you give us some example in which the Conciliation Service went into the case on its own motion?

Mr. WARREN. It would be a very small percentage of the cases, Senator Ball. The strike notices have represented a large number

during the war and will become less and less. Those cases we get into without the formal request of the parties, although we always call them to ask the extent to which they want us to help in the situation.

Senator BALL. Have you any estimate of the number of situations in which you tried to intervene on your motion or on the motion by one party and have been rejected?

Mr. WARREN. The only case of that kind, and I think there were very few, was the J. I. Case Co. I doubt if there were more than two or three others that have not been called to my attention.

NUMBER OF EMPLOYEES

Senator McKELLAR. How many employees do you have?

Mr. RAY. In Washington and in the field?

Senator McKELLAR. All of them.

Mr. RAY. 410.

Senator McKELLAR. How many in Washington?

Mr. RAY. Approximately 63.

STATEMENT BY LABOR-MANAGEMENT ADVISORY COMMITTEE

Mr. WARREN. I am also introducing for the record a statement issued last week by the Labor-Management Advisory Committee, seven men who have been closest in association with the Service and understand completely the effort that we have been making.

The members of the Labor-Management Advisory Committee of the United States Conciliation Service have discussed the action of the House of Representatives with respect to appropriations for the Conciliation Service. If the Senate concurs, certain key positions in the Conciliation Service will be eliminated.

Everyone agrees that a strong conciliation and mediation service is essential if the peaceful settlement of labor disputes is to be encouraged and sound labor-management relations fostered.

Congress is now considering a number of proposals for strengthening and expanding the Conciliation Service. Until Congress has made its decision, the present Conciliation Service has an important job to perform. The disorganization of the Service, before Congress has decided basic policy matters, would be unfortunate at this critical time.

Our committee has the responsibility for making recommendations to the Secretary of Labor or to the Director of the Conciliation Service with respect to the policies, procedures, organization and the development of adequate standards and qualifications for the personnel of the Service. We believe that substantial progress has been made in the past 12 months and that Mr. Edgar Warren, as Director of the Service, has conscientiously discharged the duties of his office.

We have no doubt that the Service, under Mr. Warren's leadership, has sought to represent the public interest in the peaceful settlement of labor disputes, and we are of the opinion that all who have been associated with Mr. Warren regard him as a loyal and patriotic American.

That letter is signed by Mr. V. P. Ahearn, who represents industry; Mr. Frank P. Fenton, who is a representative of the American Federation of Labor; Mr. Clinton S. Golden, who is a representative of the CIO; Mr. Louis Ruthenburg, another industry representative; Mr. Boris Shishkin, who represents the American Federation of Labor; Mr. Clarence O. Skinner, another industry representative; and Mr. Alan Strachan representing the CIO.

SAVINGS THROUGH AVERTING WORK STOPPAGES

It is impossible to gage by any accurate statistics the savings to our economy of all these stoppages that were averted. As this committee well knows, if a stoppage should occur in the next year because we have been unable to get into the situation early enough because of our reduced manpower facilities, there can be little doubt but that the loss to the parties specifically involved and to the economy generally will far exceed the slight saving effectuated by the proposed House budget cut.

We have received some statements from employers indicating that the efforts which we have made to avert a strike have actually saved in terms of the wages, the company's savings, and the savings to the public, almost enough to pay our entire annual budget. One case that comes to mind is the Campbell Soup threatened strike last year, where the company indicated to us that if it had not been for our efforts they felt that the strike was almost inevitable and they would have lost almost the complete tomato crop on the eastern shore.

LOSSES IN TAXES THROUGH WORK STOPPAGES

Many work stoppages cause reduced Federal and State tax payments by employers experiencing such incidents.

PROBABLE EFFECT ON THE CONCILIATION SERVICE OF THE CUTS MADE BY THE HOUSE

The budget for the year 1947 is \$2,582,000. The appropriation requested by the President for the next fiscal year 1948 was \$2,678,400. The appropriation bill as adopted by the House on March 25, 1947, provides a total budget of \$2,080,000. This constitutes a reduction of \$598,400 from the Budget Bureau request.

AMOUNT HOUSE ALLOWED FOR DEPARTMENTAL PERSONAL SERVICES

The appropriations bill adopted by the House provides that \$133,500 of the sum appropriated be allowed for departmental purposes in Washington. The departmental fund for the year 1947 was \$220,255. The President has requested for the next fiscal year a departmental fund of \$291,000.

SUMMARY OF EFFECTS OF HOUSE ACTION

In summary, the House action has the following effects: Eliminates Director and Special Assistant to the Director; eliminates Chief of Field Operations Branch; eliminates Chief of Program (Planning, Analysis, and Training) Branch; assistant chief of branch; two of the three chiefs of section (Materials, Training, Records, and Analysis); assistant chief of section; two of the three informational analysts; two training analysts; one statistical analyst; eliminates Chief of Arbitration Branch; eliminates Chief of Technical Branch, and 6 of the 18 technical commissioners of conciliation; eliminates Chairman of Trucking Commission; eliminate seven regional directors; eliminates seven assistant regional directors; eliminates 21 commissioners of conciliation in the field; eliminates three branch super-

visors; eliminates correspondence supervisor, and nine clerical and stenographic employees in the departmental service.

Senator KNOWLAND. When you mention these eliminations, does it compare to what you had last year, or what you proposed to get this year?

Mr. RAY. From budget to budget.

Senator KNOWLAND. So this is not the removal of individuals now performing functions?

Mr. RAY. Largely all would be. There is some slight variation because of vacancies which do exist.

Senator KNOWLAND (presiding). Go ahead, sir.

Mr. WARREN. Eliminates 32 stenographic and clerical employees in the field.

The House, it appears, has repudiated the unanimous recommendations of the President's Labor-Management Conference on Industrial Relations and also the action of the Labor-Management Advisory Committee which has advised us on the reorganization program.

No agency can operate without direction and supervision.

I would like to submit for the record a point-by-point analysis showing the specific recommendations of the President's Labor-Management Conference, the steps we have taken to carry out those recommendations and the effect of the proposed appropriation cut on this program.

NUMBER OF EMPLOYEES ELIMINATED BY HOUSE

Senator McKELLAR. You say that over 100 are eliminated?

Mr. WARREN. That is correct.

Senator McKELLAR. The total number you said was what?

Mr. WARREN. 420.

Senator McKELLAR. The elimination is out of proportion to your total appropriation, which is \$2,080,000 and you asked for \$598,400 more?

Mr. WARREN. That is correct.

Senator McKELLAR. That seems to me to be a large number of eliminations for the reduction.

Mr. RAY. Senator, the actual relationship would be on the basis of 450 for 1948, you see. It is a budget-to-budget comparison so the 102 would be in relation to the 450.

Senator KNOWLAND. So that your 450 you had set up in your budget last year, but actually you do not have that many people functioning in your service?

Mr. RAY. They have been pared down and the Service is down to about 410 at this time of the year. We started with more than that but the average will be about 450 for the year.

Senator KNOWLAND. Go ahead, Mr. Warren.

REFERENCE TO BASIS OF HOUSE ACTION

Mr. WARREN. The action of the House was predicated upon certain criticisms of myself and of the administration of the Conciliation Service while I have been directing its activities.

Before proceeding to discuss these criticisms, item by item, I would like to point out to you that all of them are either personal or administrative and none of the criticisms made relate to the way we have

performed the important task of conciliating disputes. I point this out so that you may place the criticisms in perspective. It is the function of the Service to aid management and labor to settle their disputes peacefully without interruption of work, and when stoppages do occur to bring them to a speedy end. We are proud of the fact that we have performed our task well. We are proud of the fact that we have not been criticized in the performance of that task.

I regret that we have been subjected to personal and administrative criticism. I do not believe that the facts warrant the criticisms that have been made.

ADMINISTRATIVE AND PERSONAL CRITICISMS

We have made a careful study of the transcript of the hearings before the House Appropriations Committee and of the debates in the House on the House bill recommending certain cuts in the Conciliation Service appropriation. We believe each of the criticisms made of the Service or of the Director should be answered.

For purposes of clarity we have divided the criticisms into two categories, first those directed at me personally and, second, those affecting our administrative operations.

PERSONAL CRITICISMS OF PRESENT DIRECTOR

The personal criticisms are on two grounds: (1) That I was formerly a member of two organizations which are designated as Communist fronts; (2) that I at one time advocated the right of Government workers to strike.

REFERENCE TO FORMER MEMBERSHIP IN CERTAIN ORGANIZATIONS

With respect to the first point, I was a member of the American League for Peace and Democracy and of the Washington Bookshop for a few months in 1938. I withdrew from both of those organizations early in 1939. I have been in the Federal service for more than 13 years.

Prior to the time that I went with the Federal service, I was with private industry.

No one who has been associated with me or with whom I have dealt as a Government representative has ever raised any question of my loyalty.

REFERENCE TO STATEMENT ON RIGHT OF GOVERNMENT WORKERS TO STRIKE

There has been misrepresentation and considerable misunderstanding of the statement that I made in March 1945 at a meeting of the Chicago Chapter of the Society of Public Administration on the right of Government workers to strike.

That statement was made in a round table discussion. It was a highly academic discussion on the theoretical rights of Government employees generally as they existed at that time. I have never at any time since I became Director of Conciliation made any statements relating to rights of Government workers to strike, nor have I made any statements with respect to that subject to the employees of the Department of Labor, as charged. Just so that the record will be

clear, I repeat, I have never advocated the right of Government employees to strike.

I would now like to clear up the misconceptions and misunderstandings of my administration of the Conciliation Service which fill the House committee report and the debate.

Senator BALL. What were you actually quoted as saying? I suppose it was a newspaper quote?

Mr. WARREN. The whole discussion was written up. If I may take the time I would like to get the whole story clear because there was a great deal of misunderstanding about it.

Senator KNOWLAND. At that point, because I think that is one thing that should be cleared up in the record, I understand that you said you had never advocated the right of Government workers to strike?

Mr. WARREN. That is right.

Senator KNOWLAND. However, advocating the right is one thing, do you believe there is any right on the part of Government employees to strike?

Mr. WARREN. I certainly do not.

The statement was made in March 1945 at a meeting of the Chicago chapter of the Society of Public Administration. This subject is not new with the House Appropriations Committee. It was discussed last year before that committee. As I pointed out in my testimony before the committee a year ago, this was a seminar at which a group of persons carried on an informal discussion with respect to problems dealing with unionization of Government employees.

Senator McKELLAR. Where are you reading from?

Mr. WARREN. I am not reading from my statement, this is a separate record.

Approximately 25 or 30 people were present. On that occasion in reply to two questions I made statements which were reported as follows:

CHAIRMAN. Should the right of Government employees to strike be admitted? And should the same policy apply to all Government employees?

Mr. WARREN. Certainly on a theoretical basis, I see no reason why Government employees, simply because they are Government employees, should not be entitled to the right to strike. I can see why people might argue that particular types of Government employees should not be entitled to the right to strike, but on the basis of the same argument I see no more reason why the employees of a privately owned power plant should be permitted to strike.

The employees of the Bureau of Useless Documents, for example, could strike with much less injury to the public safety and welfare. Of course, under the present policy of the Government, Government employees cannot strike and it is therefore somewhat of an academic question. Personally, I am not in agreement with the general policy.

CHAIRMAN. Could you designate the classes of employees that you think should have the right to strike?

Mr. WARREN. I suppose it might be done, but I wouldn't want the job of saying who should have the right to strike and who should not.

On the occasion of the March 1945 meeting we were merely discussing certain academic and theoretical niceties involved in the unionization of Government employees. As I pointed out in my testimony before the committee last year, we were discussing all types of government employees; Federal, State, county, and municipal; day laborers, school teachers and salaried personnel. The discussion was based in part upon the premise that pending legislation in various States designed to prohibit the right of Government workers to strike im-

pliedly recognized the right of some classes of Government workers to exercise that right.

I was endeavoring to bring the somewhat theoretical discussion to a more realistic level and to point out that the important factor to be considered was the relationship of the employee to the community. It was for that reason that I contrasted the position of the public-utility worker to that of the employee in the Bureau of Useless Documents.

The policy, that I indicated I did not agree with, was the approach which failed to take into account the responsibility of workers in other fields such as public utilities.

At no time did I feel that the Government workers had a right to strike against the sovereign power. As a matter of fact, I even pointed out that where Government workers were unionized and were employed in agencies dealing with industrial relations that such employees should not be affiliated with the major labor organizations having problems before that Government agency but instead should be restricted to independent unions.

At a meeting of the House subcommittee a year ago Representative Keefe stated at the conclusion of my testimony:

Mr. KEEFE. I think you realize the necessity and importance of my inquiry, because I am very frank to say, in the face of the threatened seizure of the railroads and the threatened seizure of the coal mines, to have a man as head of the Conciliation Service who is not in accord with the policy expressed by the President "that employees of the Government cannot strike against the Government" would be a very sad situation, and I am glad you have seen fit to clear up that question.

Mr. WARREN. Thank you. I am glad I had an opportunity to do so.

Mr. KEEFE. That is where these panel discussions that are published sometimes when people are talking rather ad lib, rise up to haunt them at times when they least expect it.

On the basis of Mr. Keefe's statement I naturally assumed that my discussions with the committee in connection with the 1947 budget had sufficiently clarified this matter and I was therefore somewhat surprised when it was raised again at our hearing on the 1948 budget.

Aside from the quoted statements and the discussions before the House Appropriations Committee in 1946 and again this year, I've never discussed the right of Government workers to strike. I did not make any statements relating to rights of Government workers after I became head of the Conciliation Service as charged on page 2546 of the Congressional Record, nor have I ever made such a statement to a group of employees at the Labor Department as charged on page 2646 of the Record.

The report of the committee attempts to make some point of the fact that I claimed to change my mind on this subject. Page 666 of the transcript of the hearings before the House Appropriations Committee shows that:

Mr. KEEFE. Do I understand you to say now that you have a fixed opinion that regardless of the policy of this administration, as announced by the President, that people involved in Government service should not be permitted to strike?

Mr. WARREN. I do indeed.

Mr. KEEFE. Is that your attitude?

Mr. WARREN. It is.

Mr. KEEFE. And what prompts you to change your mind, Mr. Warren?

Mr. WARREN. Well, I have done a lot of thinking and have done considerable reading since the time I made the statement in the general discussion of that subject which was the first I had discussed the matter.

Senator KNOWLAND. I would like to say at this time that we will recess now, and we will reconvene this afternoon from 2:30 to 4:30 p. m., at which time we will recess again to vote on the Lilienthal confirmation.

(Thereupon, at 12 noon, the committee recessed until 2:30 p. m. of the same day.)

AFTERNOON SESSION

The committee reconvened at 2:30 p. m., upon the expiration of the recess.

Senator KNOWLAND (presiding). The hour of 2:30 having arrived as the time set for the meeting, we will continue with the Conciliation Service with the understanding that if the Secretary arrives we will break in so that he can give his testimony.

You may proceed, Mr. Warren. This is the Conciliation Service, salaries and expenses.

UNITED STATES CONCILIATION SERVICE

STATEMENTS OF EDGAR I. WARREN, DIRECTOR; HOWARD T. COLVIN, ASSOCIATE DIRECTOR; WILLIS H. RAY, ADMINISTRATIVE ASSISTANT; AND JAMES J. DINNENY, BUSINESS MANAGER OF THE UNITED STATES CONCILIATION SERVICE—Resumed

REFERENCE TO STATEMENT ON RIGHT OF GOVERNMENT WORKERS TO STRIKE

Mr. WARREN. When the committee recessed this morning, I had just started to read part of the transcript of the hearings before the House Appropriations Committee. And I believe that I completed the excerpt from that testimony.

The statement about changing my mind comes from Representative Keefe and not from me. However, my thinking on this subject has developed and changed somewhat from the way I felt about it when I first discussed the subject before this round-table group. As I said earlier, we were discussing the theoretical rights of all Government workers. At the time there was still considerable opinion to the effect that State and municipal employees had the right to strike. As a matter of fact, there are still many people who hold that opinion. Just 2 weeks ago at a labor-relations forum which I attended at Yale University, Charles P. Taft, a prominent attorney from Cincinnati, took the position that although strikes of certain types of municipal and State employees might constitute a nuisance, he did not think that they should be banned by statute, and he indicated doubt that a strike of garbage collectors should be held illegal. As the committee knows, the State of New York just adopted an act forbidding strikes by State and municipal employees. The passage of the act impliedly recognizes that they had that right prior to its adoption.

At the time of this round-table discussion in Chicago, there was never any question in my mind that Federal employees would not and should not have the right to strike.

As I have read and dealt with this problem over the past years, I have come to the conclusion that no strike against the sovereign power can be justified regardless of whether the sovereign power is

the Federal Government; a State government, or the municipal government. I believe that this is so regardless of how relatively unimportant the function of the employees involved may be.

I feel that the issue to be determined in disputes between government employees and the respective sovereign powers is not so much the impact upon the community of a stoppage but rather the defiance of the sovereign power. I do not feel that defiance of any of the segments of our sovereign power should ever be countenanced.

I therefore feel that even though a strike by the employees of the bureau of useless documents of some municipality may have virtually no effect on the public in relation to the difficulties inherent in a public-utilities strike, that a strike by the employees in the bureau of useless documents cannot be justified because such a strike constitutes a defiance of the sovereign power.

As I said to the House Appropriations Committee in May 1946, and again this year, I did not believe in the right of Federal Government employees to strike then nor do I believe in it now.

Senator KNOWLAND. We will interrupt the testimony of the Conciliation Service at this time. The Secretary of Labor is here, and we will take his testimony now.

DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

STATEMENT OF HON. L. B. SCHWELLENBACH, SECRETARY OF LABOR, ACCOMPANIED BY ROBERT M. BARNETT, DIRECTOR OF PERSONNEL; AND JAMES E. DODSON, BUDGET OFFICER

LETTER FROM THE SECRETARY OF LABOR

Senator KNOWLAND. I will insert in the record at this point the letter from the Secretary of Labor, requesting certain amendments. Following the Secretary's letter, I will place in the record certain tables.

(The letter and tables referred to follow:)

DEPARTMENT OF LABOR,
Washington, April 1, 1947.

HON. WILLIAM F. KNOWLAND,

Chairman, Subcommittee in Charge of the Labor-Federal Security Appropriation Bill, United States Senate, Washington, D. C.

DEAR SENATOR KNOWLAND: This is in reply to your letter of March 21 concerning the Department of Labor appropriation bill (H. R. 2700) in which you request information as to the changes in the bill which the Department considers absolutely necessary.

The House bill reduced the 1948 budget estimates of the Department of Labor for operating purposes from \$31,850,700 to \$18,136,200. This reduction of \$13,714,500 represents a cut of 43 percent in the budget estimates for 1948. The percentage reduction is slightly higher when compared with the funds available for similar purposes in the current fiscal year. The Department's budget estimate for grants to the States for public employment offices, which is a nonoperating fund, was reported by the House Subcommittee on Appropriations and voted by the House without reduction.

The severity of the reduction in the operating funds of the Department calls for an explanation of the basis upon which the Department of Labor's budget estimate was prepared and a consideration of the consequences of the reduction.

Bureau officials were given strict instructions by the Department to prepare

their budget estimates from the standpoint of minimum estimates necessary to render services which are essential to the discharge of the duties imposed upon them by law. These requests were reviewed carefully by the budget officer of the Department. The Under Secretary of Labor and I personally reviewed the budget and the budget officer's recommendations to assure ourselves that only the minimum funds required to provide essential services were included in the estimates. As a result of this review, services were eliminated and the budget estimate substantially reduced.

The budget estimate of the Department was submitted to the Bureau of the Budget and the President for approval. A careful study was made, and as a result all services which were not considered absolutely necessary at this particular time were eliminated and a reduction made in the budget estimate for operating funds of the Department of \$4,749,918. The budget estimate as approved by the President included the minimum funds absolutely necessary to provide essential services.

I have reviewed the report of the House of Representatives Committee on Appropriations and the House bill, and I have reached the conclusion that the reduction of Department of Labor operating funds by 43 percent will make it impossible for the Department to carry out the functions vested in it by substantive law and will have detrimental consequences to our economy far outweighing the apparent savings of 13½ million dollars. I am in complete accord with the view that it is necessary to begin making substantial reductions in our national debt, but I am convinced that this must be done without cutting off services which are vital to the maintenance of a stabilized economy. We cannot overlook the fact that our ultimate ability to reduce the national debt depends upon our ability to maintain a stabilized economy from which can be drawn the necessary revenues. Furthermore, it should be noted that even the House Committee on Appropriations did not subordinate all other national considerations to the need for showing dollar savings in appropriations. Thus, the committee recommended no reduction in the appropriation for grants of money from the general fund of the Treasury to the States for public employment offices. It also raised the dollar amount above budget estimates in a number of appropriations in other parts of the bill. Such actions were based on considerations of national interest. I would suggest that if the same considerations are relied upon, the funds requested in the Department of Labor's budget estimate should be restored.

Certain it is that the complexities and importance of the labor problems facing the people and the Government of the United States have not been reduced by 43 percent, as the House bill would reduce the budget of the Department of Labor. The change in the labor situation and the consequent increase in the demands for services of the Department of Labor are illustrated by the facts that total civilian employment increased approximately 10 million, from 45 million in 1938 to 55 million in 1946; union membership increased from approximately 8 million to 15 million during the same period; and collective bargaining agreements are substantially in excess of 50,000 at the present time, which is probably more than double the number in existence in 1938. Approximately 1,000 of these contracts expire each week. The services of the Department of Labor are called upon in the peaceful renegotiation of these contracts as well as in those cases which result in disputes and stoppages. It is necessary to make available to both management and labor adequate statistical information on cost of living, wages, and similar items; to furnish advisory information on labor standards; and to provide information on improved collective-bargaining machinery, as well as providing adequate conciliation service.

I am attaching statements on the component parts of the Department's budget, which set forth for your consideration the major reasons supporting my request for restoration of the amounts deleted by the House bill.

Very truly yours,

L. B. SCHWELLENBACH,
Secretary of Labor.

OFFICE OF THE SECRETARY

Salaries, Office of Secretary of Labor

1948 estimate_____	\$1, 190, 000
1947 act (regular)_____	900, 000
Public Law 390, supplemental (pending)_____	114, 000
Total 1947_____	1, 014, 000

(P. 2, line 6)

Increase the amount by \$370,500; from \$819,500 to \$1,190,000.

The restoration of the \$370,500 will provide funds for payment of statutory within-grade promotions (\$34,302); will restore service and management operations to the 1947 level (\$221,931); and will provide for necessary expansion of the international labor program, of the information program, and of the Department's central library (\$114,267).

The report of the committee with regard to this item indicates there have been substantial increases in appropriations in recent years, and that appears to be the principal reason for the reduction made here. The appropriation for this office has increased; however, a large part of such increase is due to the consolidation into one administrative management unit of the business management functions of the Solicitor's Office, Conciliation Service, Apprentice Training Service, Division of Labor Standards, and such functions of the Office of the Secretary. This consolidation was made to obtain economy and efficiency of operation and was effected during the last quarter of the fiscal year 1946. The budget estimates for the fiscal year 1947 reflected a saving of 17 positions as a result of the consolidation.

All of the procurement and library functions of the Department are centralized in the Office of the Secretary. Likewise, expenses for departmental administration of personnel, budget and finance, and central informational services are defrayed from this appropriation.

Emphasis is now being placed on international activities. The Labor Department must accept the responsibilities assigned to it by the President, Congress, and the Secretary of State, which have necessitated a considerable expansion in this field. Practically the entire increase requested in our original budget estimate for the office of the Secretary was for work in connection with international labor activities and its impact upon the domestic labor situation. Of the \$114,267 increase requested for new positions \$93,769 is for additional staff for this activity. As this represents an expansion of an old responsibility it is felt necessary to make a fairly lengthy statement of its principal component parts.

Almost every activity of the United States Government in the international field has direct impact upon and is clearly affected by the domestic labor situation. Consequently, in charting our course in the international field it is essential that this Government consider the effect upon the American labor situation. Likewise, labor developments in other countries directly affect the economic and social conditions and policies of this country. This is a fact of prime importance in view of the increased participation of labor in the government of foreign nations.

It is for these reasons that the Department of Labor has an active role to perform in the international field. The Department of Labor is the only agency capable of evaluating and correlating international labor developments and the domestic labor situation. Consequently, the Department of Labor advises the President and the Secretary of State on a day-to-day basis concerning the impact of proposed policy upon the interests and needs of American labor in relation to the public welfare. The Department of Labor is the agency of the Government which has substantive responsibility for labor affairs, both national and international.

The President, the Congress, and the Secretary of State have recognized these facts. Accordingly they have vested in the Department responsibility for assisting in the development and implementation of a foreign policy which protects the interests of American labor and takes cognizance of foreign labor developments. The Congress has enacted legislation which provided for an Assistant Secretary of Labor who is engaged primarily in international labor affairs. It also passed unanimously the Foreign Service Act of 1946 which makes the Assistant Secretary of Labor a member of the Board of Foreign Service, which makes "recommendations to the Secretary [of State] concerning the functions of the service; the policies and procedures to govern the selection, assignment, rating, and promotion of foreign service officers; and the policies and procedures to govern the administration and personnel management of the service; * * *." The President has designated Assistant Secretary of Labor Morse as this Government's representative to the International Labor Organization, which the United States joined in 1934 and which has now come into relationship with the United Nations. The Department furnished advisers to the United States

representatives to the United Nations Economic and Social Council and its Commissions.

The Secretary of State has designated Assistant Secretary Morse as operating Vice Chairman of the Interdepartmental Committee on International Social Policy which was set up at the direction of the President to serve as the adviser to the Secretary of State and the President on international social matters. This Committee develops over-all United States positions on social issues before the United Nations and its related agencies. The Labor Department is also a member of the Executive Committee on Economic Foreign Policy which was established at the direction of the President and performs the same functions in the economic field. The Department will be represented on the Trade Agreements Committee recently set up by Executive order to protect United States interests in the forthcoming international trade negotiations. Also, the Department participates in the cooperation with American republics program approved by Congress. It is a member of Assistant Secretary of State Hildring's Advisory Committee on Occupied Areas Affairs; and by agreement with the War Department, assists the War Department on labor matters in occupied areas.

Thus an examination of the units whose salary expenses are defrayed from this appropriation will reveal that \$141,780 is required for departmental staff administration, and the remainder is needed for units of an operating or productive nature. Unless funds are restored in full the reduction in the appropriation made by the House will not permit us to service the bureaus properly in the fields of personnel, finance, procurement, etc.

OFFICE OF THE SOLICITOR

Salaries and expenses, Office of the Solicitor

1948 estimate, \$1,251,000:

1947 act (regular)-----	\$953, 000
Public Law 390, supplemental (pending)-----	126, 000
Total 1947-----	1, 079, 000

(P. 2, line 11)

Increase the amount by \$495,700, from \$755,300 to \$1,251,000.

The House committee based its reduction of \$495,700 in this item on (1) the elimination of the Wage Stabilization Board, the Retraining and Reemployment Administration, and the Division of Labor Standards, and (2) the material reductions made in practically every appropriation of the Department. The legal work of the Wage Stabilization Board was never performed by the Solicitor's office but rather by its own legal staff which was abolished with the termination of that agency. The 1948 budget estimates submitted by the office of the Solicitor did not include any amounts for servicing the Retraining and Reemployment Administration, which expires by statute on June 30, 1947. Consequently, the budget estimates had already taken into account these two factors mentioned by the House Committee on Appropriations as a primary reason for cutting the appropriation. The principal legal services rendered to the Division of Labor Standards have been in connection with the enforcement of the child-labor provisions of the Fair Labor Standards Act of 1938. These functions were not eliminated by the House of Representatives but funds for their continuance were appropriated to be used by the Wage and Hour Division. This can only mean that the legal services heretofore required under this act will still have to be performed by the Solicitor's office, even though they may be performed for another agency in the Department of Labor.

The preponderant proportion of the work load of the Solicitor's office is the enforcement of statutes approved by the Congress. As the volume of this work has actually increased instead of fallen off it is essential that the staff provided in the budget estimate be available if these laws are to be properly enforced. The cuts made in the appropriations for other bureaus of the Department would not affect the legal responsibility of the Solicitor in enforcing the laws which are under the jurisdiction of the Department of Labor.

DEPARTMENT APPROPRIATIONS

The appropriations for contingent expenses, traveling expenses, printing and binding, and penalty mail costs are made in total to the Department, and allocations are made administratively to meet the needs for items not otherwise specifically appropriated to the various bureaus. However, the detailed justifications submitted to the House show specifically the amounts needed for each class of expenditure for the constituent units of the Department. Because of their close relationship to the bureaus' programs these amounts are justified by the officials of the bureaus in conjunction with their statements pertaining to the specific appropriations made for them. Accordingly, any changes in these appropriations will necessarily have to be with regard to the specific appropriations for the organizational units of the Department.

(Contingent expenses ; 1948 estimate, \$585,600 ; 1947 act, \$711,316)

(P. 3, line 3)

Increase the amount by \$117,200, from \$468,400 to \$585,600.

The amount requested for 1948 is \$125,716 less than the amount appropriated for the 1947 fiscal year. It represents the Department's over-all appropriation for items other than salaries and for items not otherwise appropriated for any of the bureaus of the Department. The reduction of \$125,000 from the current year is possible by virtue of the transfer of a substantial section of the Children's Bureau to the Federal Security Agency, the liquidation of the National Wage Stabilization Board and the Retraining and Reemployment Administration. The appropriation is used for supplies, telephones, machine tabulation rentals, etc., in Washington for the various bureaus.

(Traveling expenses : 1948 estimate, \$3,229,500 ; 1947 act, \$3,154,007)

(P. 3, line 6)

Increase the amount by \$1,117,100, from \$2,112,400 to \$3,229,500.

The major part of the increase requested for this appropriation is related to the program increase of the Bureau of Labor Statistics, the Apprentice Training Service, and the Veterans' Program of the United States Employment Service.

(Printing and binding : 1948 estimate, \$748,000 ; 1947 act, \$653,596)

(P. 3, line 8)

Increase the amount by \$333,300, from \$414,700 to \$748,000.

The increase requested is related primarily to the proposed increase in activities for the Division of Labor Standards ; to meet the need for publications of the Bureau of Labor Statistics, particularly in the fields of industrial relations, productivity and prices, and foreign labor conditions ; for the "Dictionary of Occupations Titles" of the United States Employment Service ; and for the Women's Bureau to publish the results of their activities.

(Penalty mail : 1948 estimate, \$133,000 ; 1947 act, \$560,000)

(P. 3, line 13)

Increase the amount by \$13,300, from \$119,700 to \$133,000.

It should be noted that the amount requested for 1948 is \$427,000 less than that appropriated for 1947. The reduction has been affected by the transfer of certain of the Children's Bureau activity to the Federal Security Agency, and the transfer of local offices of the United States Employment Service back to the States ; and, to the liquidation of the National Wage Stabilization Board and the Retraining and Reemployment Administration. The amount requested is in accord with the appropriations requested for the programs of the several bureaus.

UNITED STATES CONCILIATION SERVICE

Salaries and expenses, commissioners of conciliation

1948 estimate, \$2,678,400:

1947 act (regular)-----	\$2, 300, 000
Public Law 390, supplemental (pending)-----	282, 000
Total 1947-----	2, 582, 000

(P. 3, line 21)

Increase the amount by \$598,400, from \$2,080,000 to \$2,678,400.

(P. 3, line 17)

Increase the amount by \$75,000; from \$50,000 to \$125,000.

(P. 3, line 20)

Increase the amount by \$157,500; from \$133,500 to \$291,000.

The reduction made by the House would result in elimination of adequate supervisory staff, curtailment of the training program, reduction in number of positions for working conciliators, in adequate supporting clerical staff, and the closing of 25 percent of the field offices. The efficient operation and effective supervision of the Service will be drastically curtailed to the extent that we would have only 1 supervisor in the field for approximately every 35 commissioners rather than 1 for every 16 and it would eliminate headquarters staff assigned to supervise the arbitration, technical service, field operations, and planning and training programs. These 4 separate major fields of activity cannot be handled by 1 person. Effective field supervision will insure economical operation and quality performance. The reduction of the working commissioner staff should not be based on the reduced case volume without giving consideration to the fact that the cases are much more difficult to handle and require more time to handle than in previous years. Also, consideration should be given to the fact that the United States Conciliation Service is now the sole agency of Government, with the exception of the National Mediation Board, for the handling of labor disputes. The quick and satisfactory settlement of disputes is also dependent upon adequate training of commissioners in labor relations techniques and the dissemination of adequate information to the commissioners for use in specific cases being handled.

The action of the House will have the effect of reducing the ability of the Department to prevent strikes. I do not think it is necessary to dwell on the pecuniary cost of prolonged strikes to management, labor, and Government. It would seem clear that it will not help the national economy at this time to weaken the Federal agency which is charged with the duty of conciliating labor disputes and promoting industrial peace.

Accordingly, it is requested that funds be restored for all positions requested in the 1948 budget estimate.

APPRENTICE TRAINING SERVICE

1948 estimate, \$2,544,200:

1947 act (regular)-----	\$1, 800, 000
Public Law 290, supplemental (pending)-----	218, 000
Total 1947-----	2, 018, 000

(P. 4, line 8)

Increase the amount by \$528,600, from \$2,015,600 to \$2,544,200.

The House recognized the splendid contribution of the Apprentice Training Service to the apprenticeship training program but did not appropriate the amount requested in the budget estimate. It appropriated the amount currently expended by the Service but failed to appropriate funds for automatic within-grade promotions required by law, thus actually reducing the budget for the fiscal year 1948 below the level of fiscal year 1947.

The demands from industry for the technical skills developed by the apprenticeship training program are not standing still they are expanding to meet the serious needs of the building and construction industry, railroads, and other enterprises.

In addition, there is a just demand from veterans, recognized by the training provisions of the GI bill that they be furnished the means for improving their occupational position. The number of apprentices reported under the program has been and is constantly increasing, with benefit to industry, veterans, and labor. The number of apprentices under the program increased from 21,987 in December 1943 to 105,679 as of December 31, 1946, and it is estimated that there will be further increase to 200,000 during fiscal year 1948. I consider the moderate increase in funds requested by the Service absolutely necessary to meet the developing demand. I would also suggest that consideration be given to the need for developing technical skills from the standpoint of national security.

BUREAU OF LABOR STATISTICS

Salaries and expenses, Bureau of Labor Statistics

1948 estimate, \$6,700,700:	
1947 act (regular)-----	\$4, 932, 793
Public Law 390, supplemental-----	637, 000
Total-----	5, 569, 793

(P. 4, line 15)

Increase the amount by \$4,327,300 from \$2,373,400 to \$6,700,700.

This is exclusive of \$63,000 recommended by the House to be transferred from the Division of Labor Standards for workers' education. The request for this item will be included in the request for restoration of the appropriation for this Division.

(P. 4, line 16)

Increase the amount by \$1,897,300 from \$2,202,700 to \$4,100,000.

This limitation applies to the amount that may be expended for personal services in the District of Columbia.

(P. 4, line 18)

Increase the amount by \$695,000 from \$695,000 to \$1,390,000.

This limitation is for cost of living work and is also contingent on the restoration of the reductions made in the salaries and expenses appropriation.

The report of the House committee states "This Bureau has grown far beyond the original concept as expressed in the law establishing it." In this connection the Department wishes to point out that all of the functions of the Bureau are authorized by substantive legislation creating the Bureau of Labor Statistics, and that each item in the program of the Bureau has been approved by committee and congressional action. The report of the House committee also states "The committee is of the opinion that this Bureau is continuing to integrate into its request for regular appropriation its entire national defense appropriation." It will be recalled that the question of continuance of statistical services financed during the war from national defense funds was reviewed on more than one occasion by committees of the Congress, and that such work has been continued before and after the cessation of hostilities only to the extent that approval was granted. The substantial growth that has occurred in the work of the Bureau of Labor Statistics reflects, briefly, the inadequate scope and detail of current labor and economic statistics available within the Federal Government before the war and the need for more adequate current information in a period of serious economic readjustment such as at the present time; it reflects, in particular, the provision of much more State and local data on employment, occupational wage rates, and housing activity.

The Department of Labor regards this Bureau as its fact-finding arm. The drastic reduction made by the House will curtail its work to such an extent that it will seriously impair the value of many of its programs. The consequences in terms of reduced services—to Government, industry, and labor—are suggested by the following brief summary of the major curtailments that would be required under H. R. 2700:

Substitution of quarterly for monthly cost-of-living indexes for the United States as a whole and for 21 large cities; discontinuance of the City Worker's Family Budget estimates, initiated at the request of the House Appropriation Subcommittee in 1945; elimination of all State and local-area employment and pay-roll statistics recently set up in cooperation with State agencies; reduction in

Nation-wide and virtual elimination of local-area information on occupational wage rates and wage-rate trends; substantial curtailment of work on productivity measurement; reduction in local-area information on housing and construction; discontinuance of quarterly statistics on industrial accidents; reduction in services to industry and labor on clauses in collective bargaining agreements; and general reduction in services to Government, industry, and the public on labor conditions and policies in foreign countries.

The appropriation requested for 1948 is justified, in my judgment, because of the urgent need for current factual information as developed in recent years by the Bureau of Labor Statistics pertaining to prices and the cost of living, wages, industrial hazards, industrial relations, occupational outlook, productivity, employment and construction statistics, and foreign-labor conditions, as shown by the expressed demands of industry, labor, the public generally, and the Federal Government itself, including the housing agencies, for current and authoritative information on such subjects.

In addition, the Bureau of Labor Statistics furnishes important statistical services to the National Council of Economic Advisers and to the joint committee of the Congress, pursuant to the Employment Act of 1946, covering a wide field of the basic current statistics on prices, wages, employment, and productivity. These figures are indispensable in any appraisal of economic developments and policy. It is not possible for industry, labor, State and Federal Governments to do the planning contemplated by the act if they are unable to secure the basic economic facts.

UNITED STATES EMPLOYMENT SERVICE

General administration

1948 estimate, \$6,563,500:

1947 act (regular) -----	\$6, 394, 600
Public Law 390, supplemental (pending) -----	217, 000

Total 1947 -----	6, 611, 600
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(P. 5, line 8)

Increase the amount by \$3,906,700, from \$2,656,800 to \$6,563,500.

Increase the amount by \$893,800, from \$1,756,800 to \$2,650,600.

These requested restorations in funds are necessary for carrying out the statutory responsibilities specifically placed upon the United States Employment Service by the Wagner-Peyser Act of 1933 and the Servicemen's Readjustment Act of 1944. These responsibilities are to:

1. Promote, establish, and maintain a public employment office system.
2. Develop, introduce, and maintain programs, materials, and procedures.
3. Maintain specified placement services.
4. Maintain budget administration and fiscal management.

Included in the request is provision for all of the internal administrative services, such as business management, personnel, and technical services and assistance, for both the United States Employment Service and the Veterans' Employment Service.

The report of the Committee on Appropriations of the House of Representatives which accompanied H. R. 2700 stated: "It impresses the committee that the functions to be performed by the United States Employment Service are no greater or much different than those performed by the Bureau of Employment Security in the Social Security Administration, which administers the unemployment-compensation program." The responsibilities for the administration of unemployment compensation as set forth in the Social Security Act are concerned primarily with budget administration and allocation of funds to the individual State unemployment-compensation agencies. In contrast, the Wagner-Peyser Act requires the United States Employment Service to promote and develop a national system of employment offices and to coordinate the activities of these offices, as well as to provide minimum standards of efficiency and to assist the offices in meeting problems peculiar to their localities and promote uniformity in their administrative and statistical procedures. This is necessary to obtain maximum employment and to maintain sound national economy. The costs of administrative services, auditing, business management, and personnel standards are to be met from the United States Employment Service appropriation, while in the case of the Bureau of Employment Security certain administrative services

are provided to that Bureau by the executive office and other bureaus of the Social Security Administration. The House action provides for the continuance of the Bureau of Employment Security field offices, while at the same time it recommends the elimination of all such United States Employment Service offices except, perhaps, on the west coast.

The action of the House of Representatives with respect to the United States Employment Service appropriation would permit the continuance of only those functions which are directly concerned with budget administration and fiscal management. It renders inoperative the legislation governing the activities of the United States Employment Service as they relate to the development of a national system of employment offices, the coordination of the activities of these offices, provision for minimum standards of efficiency, promotion of uniformity in administrative and statistical procedures, furnishing and publishing information on employment opportunities, maintenance of a system for clearing labor between several States, and development of technical materials for job counseling and employment placement service for veterans. It will mean an inadequate national system for the clearance of labor between the States. It will also mean the reduction to ineffectiveness of the only national organization which is concerned specifically with the mobilization of manpower resources as an element of the national security program.

The funds requested for the Veterans' Employment Service are necessary to carry out the responsibilities of the Servicemen's Readjustment Act, which specifically states: "Congress declares as its intent and purpose that there shall be an effective job counseling and employment placement service for veterans * * * so as to provide for them the maximum of job opportunity in the field of gainful employment." In carrying out this responsibility, 95 percent of the personnel of the Veterans' Employment Service are located in the field so as to supplement the activities of the local employment offices and increase the opportunities of employment for veterans. The House action represents a 34-percent reduction in the appropriation request presented by the President. If this action is permitted to stand, it will be necessary for the Veterans' Employment Service to reduce its staff by approximately 262 people and will sharply curtail the job-development services rendered to veterans.

WOMEN'S BUREAU

Salaries and expenses, Women's Bureau

1948 estimate, \$303,600:

1947 act (regular)-----	\$234, 000
Public Law 390, supplemental (pending)-----	29, 000

Total 1947-----	263, 000
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(P. 8, line 13)

Increase the amount by \$40,600, from \$263,000 to \$303,600.

The restoration requested includes funds for statutory within-grade promotions (\$7,276) and for additional staff for international labor activity (\$33,324).

The Women's Bureau is the sole agency charged by Congress with the duty of formulating standards and policies to promote the welfare of the country's wage-earning women. During the past year the postwar readjustment problems of women workers have been the chief concern of the Women's Bureau.

A major obligation is to furnish concrete, specific, and individual service to State labor departments, civic organizations, workers, and employers in relation to laws affecting women's employment. The magnitude of this tailor-made service is obvious from the following: 26 States and the District of Columbia have minimum wage laws; 7 have equal pay laws; 43 and the District of Columbia have maximum hours laws; and a varying number regulate such other matters as types of employment, meal and rest periods, night work, and maternity leave. In 1946, 14 new wage orders were issued and 24 wage boards met. Since VJ-day, 21 new wage orders have been issued, on almost every one of which the Bureau rendered individual service. At the request of citizens' groups, similar service was given in 5 States attempting to get new legislation or to reactivate old laws. The value of the Bureau's expertness in these fields lies in prompt response to State and organization requests, for effective handling of which additional staff is needed.

Women workers in the postwar period are faced with tremendous adjustments. Millions of women in all parts of the country were brought into war plants, and

many of them now must either find postwar jobs or become dependent. To help these women and the newcomers who are entering the labor market, the Bureau is analyzing such questions as what employers want, what kinds of jobs are available, what wages they carry, and what financial obligations the women workers have. Further study on all these questions is urgently needed. Work also must be done to analyze the changes in the demand for and the supply of women for particular occupations. Teachers, parents, and vocational counselors need this information. Study of job opportunities for women in such fields as nursing, medicine, chemistry, social service, and communication industries must be continued and expanded. To undertake further work on these and other related questions, additional staff is requested.

In the past year the Bureau has been consulted repeatedly to help plan practical programs for the United Nations and other international agencies. Women's organizations in our country, all of whom enthusiastically supported United States membership in the United Nations, have turned naturally to the Women's Bureau for technical advice on women's interests in the United Nations commissions and specialized agencies. The work load of correspondence and conferences on this subject has increased so enormously in the past 2 years that additional staff is needed in the Women's Bureau to continue steady collaboration with the Department of State and other Government bureaus concerned. Unless the budget for international activities is made available to the Women's Bureau, it will be necessary for the Bureau to curtail a number of the functions listed above.

WAGE AND HOUR DIVISION

Salaries, Wage and Hour Division

1948 estimate, \$4,803,100:

1947 act (regular)-----	\$4, 203, 700
Public Law 390, supplemental (pending)-----	577, 000
Total 1947-----	4, 780, 700

(P. 9, line 2)

Increase the amount by \$1,090,519, from \$3,748,400 to \$4,838,919.

(P. 9, line 3)

Increase the amount by \$89,719, from \$746,100 to \$835,819.

The increase of \$1,090,519 and the change in the limitation for departmental salaries is to provide for the continuation of wage-and-hour enforcement activities at the present level of operations and to provide \$120,513 for statutory within-grade promotions. The inspection program of the divisions for the fiscal years 1945, 1946, and 1947 has been arranged to permit inspections in approximately 45,000 of the estimated 556,000 establishments covered by the act. The House bill, in effect, reduces the inspection program to a 6-percent coverage, or 33,000 inspections. The 45,000 inspection program constitutes the irreducible minimum required to insure a safe margin of compliance with the acts. Contrary to the House committee report, it is not evident that the point has been reached where the violation ratio has decreased. The annual report of the Administrator shows that the percentage of violations has remained at approximately the same level for the past several years. During 1946, 50 percent of the establishments inspected have been found to be in violation of one or more major provisions of the acts, 36 percent in substantial violation of the major provisions, and 16 percent in violation of the minimum-wage and child-labor provisions of the acts.

Effective enforcement of the Fair Labor Standards Act is of equal importance to labor and the honest employer who voluntarily complies with the act and should be protected against the unfair competition of violators.

Of the total amount requested, \$35,819 is required to permit the divisions to assume the child-labor enforcement activities of the Fair Labor Standards Act transferred from the Children's Bureau under the pursuant to Reorganization Plan No. 2 of 1946. The Secretary stated at the hearings that this transfer should be accomplished and accordingly, the amount included in the original request has been deducted from the Division of Labor Standards' 1948 request.

This request for restoration is on the basis that the Youth Research and Advisory Service for Youth will be reinstated in the Division of Labor Standards.

(Miscellaneous expenses, Wage and Hour Division: 1948 estimate, \$401,400; 1947 act, \$362,187)

(P. 9, line 17)

Increase the amount by \$92,400, from \$309,000 to \$401,400.

The increase of \$92,400 is required to permit a level of expenditure for miscellaneous expenses commensurate with our present operations and the continuation of agreements with the States of North Carolina and Minnesota on inspection programs jointly conducted with those States. The increase over our present year's appropriation for this item is to cover increasing rates on our rental contracts.

DIVISION OF LABOR STANDARDS

Salaries and expenses, Division of Labor Standards

1948 estimate, \$718,700:

1947 act (regular)	\$215,000
Public Law 390, supplemental (pending)	14,000

Total 1947	229,000
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(No provision made in the bill for this item)

Insert on page 3, line 14:

"Salaries and expenses, Division of Labor Standards:

"For necessary expenses, including personal services in the District of Columbia and purchase and distribution of reports, and of material for informational exhibits, in connection with the promotion of health, safety, employment stabilization, and amicable industrial relations for labor and industry, and the functions under the Fair Labor Standards Act transferred under and pursuant to Reorganization Plan Numbered 2 of 1946, \$625,857 (29 U. S. C. 50-50b, 201-219).

"The appropriation under this title for traveling expenses shall be available for expenses of attendance of cooperating officials and consultants at conferences concerned with the work of the Division of Labor Standards when called by the Division with the written approval of the Secretary of Labor, and shall be available also in an amount not to exceed \$2,000 for expenses of attendance at meetings related to the work of the Division of Labor Standards when incurred on the written authority of the Secretary of Labor."

If this amendment is approved, it will affect appropriations as approved by the House as follows:

Restores to this appropriation estimate \$63,000 for workers' education now included in the bill for "Bureau of Labor Statistics—Salaries and expenses."

Restores to this appropriation estimate \$118,278 for youth research and employment standards now included in the bill for Wage and Hour Division in "Salaries" appropriation, \$110,328, and in "Miscellaneous expenses" appropriation, \$7,950.

Allows the remaining in the Wage and Hour Division in the appropriation for "Salaries," \$35,819 (original estimate, \$92,843), for enforcement of the child-labor provisions of the Fair Labor Standards Act.

The committee recommended elimination of the Division of Labor Standards; transferred its Labor Education Service to the Bureau of Labor Statistics; and transferred its Child Labor and Youth Employment Branch to the Wage and Hour Division.

The restoration of \$625,857, with appropriate language, is requested and represents the full amount estimated for 1948, with the exception of an estimate of \$92,843 reduced by the House to \$35,819, and transferred to the Wage and Hour Division for enforcement of child-labor provisions of the Fair Labor Standards Act.

The abolition of the Division of Labor Standards eliminates the arm of the Department of Labor set up to strengthen State labor departments in their efforts to improve working conditions. The Division has made available to these State agencies advisory services in all types of labor law administration and has helped them to develop standard practices which can be applied effectively in any State. It has arranged the annual conferences on labor legislation, which over the years have done so much to stimulate improved labor laws and their

administration, and has rendered important advisory services to labor and management.

The abolition of the Division of Labor Standards will abolish the only Federal agency working with the States to reduce industrial accidents outside the mines. There were 2 million last year—16,000 men and women were killed on the job. The money cost to American industry and labor was 3½ billion in 1946. The money cost will be another 3½ billion this year unless something is done to reduce accidents. The Division, with its limited resources, is giving assistance to certain State labor departments in developing safety programs which will cut these losses materially.

The abolition of this Division will turn the Child Labor and Youth Employment Branch with its total program of research and advisory service, as well as enforcement of child-labor standards, over to the Wage and Hour Division, a purely enforcement agency. This will drastically cripple and curtail the Department's activities of research and assistance to States and citizens generally on the urgent problems of child labor and youth employment. The abolition of child labor and the protection of working children from harmful and injurious employment conditions is a vital service that the Nation cannot afford to curtail.

The Department desires to appeal the House action in transferring the child research and youth employment services to the Wage and Hour Division. The action of the House with regard to the transfer of the enforcement of the child-labor provisions of the Fair Labor Standards Act to the Wage and Hour Division is accepted. In directing the transfers heretofore mentioned, the House reduced the item for youth research and advisory service for youth from \$236,557 available in 1947 to \$118,278, and this latter sum is the amount transferred to the Wage and Hour Division. It is requested that the full amount of \$264,114 included in the budget estimates for 1948 for this activity be provided for in the Division of Labor Standards to enable it to continue to perform these functions. The Department is making no appeal of the House action on the transfer of the child-labor enforcement function which was reduced by the House from \$92,843 to \$35,819, which amount has also been transferred to the Wage and Hour Division.

The Labor Education Service, which has been built up in the Division of Labor Standards, is already proving its value in building industrial harmony. Some 90 colleges and universities are beginning work in the field of labor education. Upon request, they are receiving advice and guidance and the necessary teaching materials from the Division of Labor Standards. In abolishing the Division of Labor Standards, efforts of the universities and the unions themselves to teach union leaders their responsibility to their country and how to get on amicably with management will be seriously affected. The small funds transferred to the Bureau of Labor Statistics will not help the situation, for a labor education service does not belong in a fact-finding agency nor does it belong in vocational education, as was suggested by the House committee.

Department of Labor summary of standard classification schedules

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or decrease (-), 1948 estimate compared with 1947	Increase (+) or decrease (-), bill compared with estimate
Office of the Secretary.....	\$900,000	\$1,190,000	\$319,500	+\$290,000	-\$370,500
Office of the Solicitor.....	953,000	1,251,000	755,300	+298,000	-495,700
Contingent expenses.....	711,316	585,600	468,400	-125,716	-117,200
Traveling expenses.....	3,154,007	3,229,500	2,112,400	+75,493	-1,117,100
Printing and binding.....	653,596	748,000	414,700	+94,404	-333,300
Penalty mail costs.....	560,000	133,000	119,700	-427,000	-13,300
Division of Labor Standards.....	215,000	718,700	-----	+503,700	-718,700
Conciliation Service.....	2,300,000	2,678,400	2,080,000	+378,400	-598,400
Apprentice Training Service.....	1,800,000	2,544,200	2,015,600	+744,200	-528,600
Bureau of Labor Statistics.....	4,932,793	6,700,700	2,373,400	+1,767,907	-4,327,300
U. S. Employment Service:					
General administration.....	6,394,600	6,563,500	2,656,800	+168,900	-3,906,700
Grants to States.....	42,823,125	71,728,000	71,728,000	+28,904,875	-----
Women's Bureau.....	234,000	303,600	263,000	+69,600	-40,600
Wage and Hour Division:					
Salaries.....	4,203,700	4,803,100	3,748,400	+599,400	-1,054,700
Miscellaneous expenses.....	362,187	401,400	399,000	+39,213	-92,400
Total appropriation or estimate..	70,197,324	103,578,700	89,864,200	+33,381,376	-13,714,500

Department of Labor Personnel

(Combined field and departmental)

	Number of posi- tions in 1947 Budget	Number of em- ployees on pay roll as of Mar. 21, 1947	Number of posi- tions in 1948 esti- mate	Average number of em- ployees to be paid during 1948	Number of posi- tions passed by the House	Average number of em- ployees passed by the House	Number of posi- tions re- quested to be re- stored
Office of the Secretary.....	338	295	368	349	249	244	119
Office of the Solicitor.....	256	223	286	272	155	152	131
Division of Labor Standards.....	139	132	177	169			156
Conciliation Service.....	448	412	450	444	348	341	102
When actually employed.....	12.6		12.6		7.6		5
Apprentice Training Service.....	497	494	604	581	497	474	107
Bureau of Labor Statistics.....	1,698	1,577	2,032	1,953	723	695	1,309
Women's Bureau.....	73	72	83	79.5	73	69.1	10
Wage and Hour Division.....	1,437	1,312	1,411	1,332	1,031	1,010.7	380
Employment Service.....	1,063	867	893	871.6	205	200.9	688
Veterans' Service.....	795	677	676	660.9	414	405.8	262
Total.....	6,744	6,061	6,980	6,712	3,695	3,592.5	3,264
When actually employed.....	12.6		12.6		7.6		5

¹ Seven transferred to Wage and Hour; 14 eliminated due to enforcement transfer to Wage and Hour.

Personnel, by bureaus, Department of Labor, 1939-41, 1946-48 fiscal years

	1939	1940	1941	1946	1947	1948
Office of the Secretary.....	135	222	188	293	324	348
Office of the Solicitor.....	(¹)	(¹)	(¹)	240	238	272
U. S. Conciliation Service.....	83	107	160	488	449	457
Division of Labor Standards.....	87	80	245	128	136	168
Bureau of Labor Statistics.....	700	603	892	1,734	1,713	2,032
Wage and Hour Division.....	704	1,776	2,589	1,267	1,365	1,332
Women's Bureau.....	79	89	67	63	73	80
U. S. Employment Service:						
Veteran's Employment Service.....	105	105	105	322	675	676
General Administration.....	720	648	1,095	1,000	883	893
Apprentice Training Service.....	(³)	(³)	(³)	293	462	581
Total.....	2,613	3,630	5,341	5,831	6,318	6,839

¹ Not established as a separate entity. A total of 302 positions included in Secretary's office, Wage and Hour, and Children's Bureau for 1941 for legal services. Figures for 1939 and 1940 not available.

² Does not include State and local office personnel paid from Employment Office Services and Facilities Appropriation.

³ Not established as a separate entity; included in the Division of Labor Standards in 1941 and prior years.

Senator KNOWLAND. You may proceed, Mr. Secretary.

Secretary SCHWELLENBACH. Mr. Chairman, I have here a digest of my prepared statement before this committee which I would like to offer for the record.

Senator KNOWLAND. It will be made a part of the record.

(The information is as follows:)

DIGEST OF STATEMENT OF SECRETARY OF LABOR BEFORE THE SUBCOMMITTEE OF THE SENATE APPROPRIATIONS COMMITTEE

The House reduced the budget for operating funds of the Department from \$31,850,700 to \$18,136,200. This represents a reduction of \$13,714,500, or a cut of 43 percent. The Department's budget estimate for grants to States for public employment offices, which is a nonoperating fund, was reported by the House Subcommittee on Appropriations and voted by the House without reduction.

The reduction of Department of Labor operating funds by 43 percent will make it impossible for the Department to carry out many of the functions vested in it by substantive law and will have detrimental consequences to our economy far outweighing the apparent savings of \$13,500,000.

The complexities and importance of the labor problems facing the people and the Government of the United States have not been reduced by 43 percent, as the House bill would reduce the budget of the Department of Labor. The change in the labor situation and the consequent increase in the demands for services of the Department of Labor are illustrated by the facts that total civilian employment increased approximately 10,000,000 from 1938 to 1946; union membership increased from approximately 7,000,000 during the same period. The report of the House committee on page 3 states that:

"Wherever reductions in appropriations require reductions in personnel, it should be stated here that such reductions in personnel must be undertaken at the earliest possible date. If it is necessary to dismiss any such persons after June 30, 1947, the departments and agencies concerned must understand that terminal leave costs attendant to such dismissals will be borne by the 1948 appropriations for terminal leave.

"No deficiency estimate for such purpose for either 1947 or 1948 will be entertained."

This directive raises a major problem for the Department because of the size of the cut recommended for fiscal year 1948. The budget which Congress made available to us for the fiscal year 1947 cannot be used in accordance with the appropriation for this purpose under the recommendation of the House committee. It is necessary to take a substantial part of this appropriation and divert it to pay the terminal leave which is owing the employees of the Department who may have to be dismissed. It will be necessary for me to issue notices of termination or orders to employees to take annual leave on April 15, 1947. Even if the Congress should restore fully the appropriations requested by the Department, there will be a serious break-down in the work and efficiency of the Department. The only suggestion I can make in this connection is that early action be taken on the appropriation bill for the Department.

The heads of the various bureaus in the Department will appear before you to explain in detail the reasons why we think you should restore the amounts which have been deleted by the House from the Department of Labor budget.

OFFICE OF THE SECRETARY

The House committee report seems to give as its basic reason for reducing the amount requested for the office of the Secretary the fact that this appropriation has grown during the past few years and states that \$1,083,686 was available in 1947. This latter figure includes certain figures from Bureau appropriations which were included in the 1948 request for this office which totaled \$1,190,000. The House committee believes we can get along on \$819,500. There are only 25 positions with salaries totaling \$141,780 which can be charged as purely departmental staff costs. The balance is for operating and administrative functions.

Last year we pointed out that we had transferred the business management staffs of the Conciliation Service, Solicitor's office, Apprentice Training Service, and Division of Labor Standards to the office of the Secretary. This accounts for the major portion of the growth of this office. While positions were added to the office of the Secretary, actually it resulted in a saving of 17 positions which were reflected in the 1947 estimates for the bureaus.

The office of the Secretary has been enlarged during the past year as a result of the act of Congress which created an Under Secretary and three Assistant Secretaries, rather than the First Assistant and Second Assistant the Department had previously. The increased appropriation requested for the office of the Secretary is needed primarily for this reason.

One of the Assistant Secretaries, David A. Morse, has assumed, among his other duties, responsibility for the international activities of the Department.

The international activities of the Department of Labor are not new, but they have expanded recently as American international activities have expanded, and they have needed coordination, over-all direction, policy-guidance, and integration at top level with the Department's domestic activities. They have also needed to be made thoroughly responsive to the national interest generally and labor's needs and aspirations in particular. Since Mr. Morse has assumed these duties, we have begun to realize substantial progress along these lines.

Almost every action in the international field today not only has political implications; it also has a direct effect upon the domestic labor, agriculture, and business situation. The Department of Labor is the only agency capable of evaluating and correlating international labor developments and the domestic labor situation. Consequently, the Department of Labor advises the President

and the Secretary of State concerning the effect of proposed policy upon the interests and needs of American labor.

Under the Foreign Service Act of 1946, there was established a Board of the Foreign Service, on which the Assistant Secretary of Labor sits as a statutory member. This Board makes "recommendations to the Secretary (of State) concerning the functions of the Service; the policies and procedures to govern the selection, assignment, rating, and promotion of Foreign Service officers; and the policies and procedures to govern the administration and personnel management of the Service. * * *"

All of the above-mentioned functions are highly essential. The job can be done on the very small budget I am requesting only because insofar as possible the background and preparatory work on international matters is being performed by the bureaus and divisions. But if this work is to be effective, it must be coordinated, supervised, and reviewed by the office of the Assistant Secretary. To handle this coordination and to develop the policies and programs in which the Department is participating, I must have a minimum number of high-level personnel and am therefore asking for the immediate office of the Secretary an appropriation for this purpose of \$93,769.

We are requesting six new positions for the office of the Director of Information with annual salaries totaling \$20,326 for this office. The Office of Information prepares and distributes information dealing with the work of all bureaus, offices, and divisions of the Department and operates as a clearing house for all information of value to labor and the general public which originates in those bureaus, offices, and divisions.

The seven remaining additional positions are: Three to the library with annual salaries totaling \$7,684, and four to the stenographic pool with annual salaries totaling \$8,672. We have also requested that there be approved \$34,302 covering the cost of within-grade promotions made in accordance with law.

The above refers to new positions for 1948. There is requested for transfer to the office of the Secretary an amount of \$72,286. This is a transfer of funds from other bureaus of the Department for services to such bureaus by the Secretary's office. It does not represent any new activities or an increase in cost, but is a continuation of day-to-day administrative services which we have been performing and for which the bureaus have been paying from their own appropriation. This will, in effect, provide for more clear-cut budget and accounting processes.

In restoring the above, it will be necessary to restore \$3,700 to the "Contingent expenses" appropriation of the Department for the additional personnel.

STATEMENT OF VIEWS ON BUDGET FOR 1948

Secretary SCHWELLENBACH. Mr. Chairman and members of the committee, I am glad to have the opportunity to appear before you today and express my views on the budget for the United States Department of Labor for the fiscal year 1948.

I shall try to give you a brief statement on the major functions and objectives of the Department of Labor, and to discuss the effects of the House bill on the ability of the Department to discharge the duties vested in it by the laws which have been enacted by the Congress.

As you all know, my experience in Government has been for the most part in the legislative and judicial branches. I became Secretary of Labor in July 1945. I had a number of views about the Department before I assumed this office. I can say now that as a result of my day-to-day work within the Department, that I have a fuller appreciation of what the Department is trying to do and how it undertakes to perform the duties vested in it.

SIZE OF DEPARTMENT IN COMPARISON TO IMPORTANCE OF DOMESTIC FUNCTION

The Department of Labor is faced with one of the most complicated and difficult problems in our domestic economy. Even a cursory ex-

amination of the daily newspapers discloses how important the labor problem is today. Yet, the Federal agency which has the primary responsibility for handling this problem is the smallest executive department in the Government.

TOTAL PERSONNEL

The Civil Service Commission's preliminary figures for January 1947, show a total number of 7,624 employees including part time in the Department of Labor, and that is not in conformity with the budget figure, it is a Civil Service Commission figure which included the Wage Stabilization Board of some 600 employees which have now been terminated.

Senator McKELLAR. The total is what?

Secretary SCHWELLENBACH. 7,000 approximately, now.

Senator McKELLAR. 7,000.

Secretary SCHWELLENBACH. Yes.

It also included retraining and reemployment of about 100 employees which has been liquidated and is going out of business this week.

Senator McCARRAN. Can you state how many of that number are stationed here?

Secretary SCHWELLENBACH. Of the 7,000, approximately 3,000 are in Washington.

PREWAR TOTAL OF PERSONNEL

Senator KNOWLAND. What were the figures in 1939 for the Department of Labor?

Secretary SCHWELLENBACH. In 1939, 2,613; 1940, 3,630.

Senator McKELLAR. What was that for 1939?

Secretary SCHWELLENBACH. 2,613 for 1939; 3,630 in 1940; 5,341 in 1941. Then these figures skip the war years and we have for 1946, 5,831; 1947, 6,318.

Senator KNOWLAND. What is the difference between that 6,318 and the 7,000 figure which you gave us just a while ago for the clarification of the record?

Secretary SCHWELLENBACH. Well, we have taken, for example, 462 of the apprentice training program which is added on.

Mr. Dodson explains that these are full time.

Senator KNOWLAND. Your figure includes some of the part time?

Secretary SCHWELLENBACH. My figure includes some of the part time.

EFFECT OF TRANSFERS OF SERVICES ON DEPARTMENT PERSONNEL TOTAL

The employment service was transferred to the Department in October in 1945 so that the increase in the number of employees as a result of those two transfers is reflected and those figures are cut down by the fact that a portion of the Children's Bureau was transferred to Social Security.

COMPARISON OF TOTAL EMPLOYEES WITH OTHER DEPARTMENTS

Those figures are contrasted with 49,316 in the Interior Department, 37,537 in the Commerce Department 76,944 in the Agriculture Department, 24,244 in the Department of Justice, and 22,325 in the State Department. A check of employment figures as of the end of February 1947 shows that we have dropped from a total of 7,016 to 6,805 full-time employees, and 422 part-time employees, or a total of 7,227.

As I said, those have been further reduced by elimination of the Wage Stabilization and Retraining and Reemployment.

FUNCTION OF DEPARTMENT

The Department of Labor is charged by the act of Congress creating the Department to foster, promote, and develop the welfare of the wage earners of the United States; to improve their working conditions; and to advance their opportunities for profitable employment. I was interested to learn that from the very first days of the Department the interpretation of this congressional mandate as expressed in the regulations of the Department, and the first annual report of Secretary of Labor Wilson, was in terms of complete impartiality and the safeguarding of the public interest. I would like to quote a few pertinent excerpts from section 2 of the Department regulations, effective October 15, 1915:

WAGE-EARNING INTERESTS

The Department has no authority to foster, promote, or develop for wage earners any special privileges; but the inference from the organic act is irresistible that Congress intended it to conserve their just interests by means of an executive department especially devoted to their welfare.

GUIDING PURPOSE

The purpose that should govern the Department in every relation and be understood and acquiesced in by everybody is that which is prescribed in terms by the organic act—promotion of the welfare of the wage earners of the United States. In the execution of this purpose the element of fairness between wage earner and wage earner, between wage earner and employer, between employer and employer, and between each and the public as a whole must be the supreme motive of all who represent the Department. The organic act is to be construed not only as a law for promoting the welfare of the wage earners of the United States by improving their working conditions and advancing their opportunities for profitable employment, but as a command for doing so in harmony with the welfare of all industrial classes and of all legitimate interests and by methods tending to foster industrial peace through progressively nearer realizations of the highest ideals of industrial justice.

I can say, on the basis of my experience in the Department, that the employees of the Department take this regulation seriously and conscientiously apply the principles stated therein.

ILLUSTRATION OF LABOR MEASURES

WORKMEN'S COMPENSATION

I would like to give you a few illustrations of labor measures which were proposed in the interest of the wage earners of the United States and which have actually resulted in benefit to employers and the public. Workmen's compensation aids the worker and his dependents by providing financial support in the event of industrial

injury or death. It also saves individual employers from the consequences of possibly ruinous lawsuits, spreads the inevitable cost of industrial risk among all employers and relieves the public of welfare costs which are more properly chargeable to industry. Factory-inspection laws save the industrial population from preventable injury to life and limb. They also aid the productive efficiency of the employer's plant by reducing work time lost through accidents.

INDUSTRIAL SAFETY PROGRAMS, MINIMUM WAGE, OVERTIME, AND MAXIMUM HOURS

In fact, we now find industry engaged in large-scale industrial safety programs of its own in the interest of increased production. Minimum wage, overtime, and maximum hours legislation help the wage earner to maintain a decent standard of living and to conserve his health. It also eliminates a cause of unfair competition among employers and serves to maintain the economic purchasing power which, in the form of our domestic market, is the mainstay for the preservation of satisfactory economic conditions.

LABOR STATISTICS AND INFORMATION

The development of labor statistics and information has aided labor in presenting its case in collective-bargaining negotiations and before legislatures; it has also aided industry on similar occasions and in making business decisions. Agencies of government also place serious reliance on such data in making administrative determinations.

EMPLOYMENT EXCHANGES

The provision of public employment exchanges helps the worker to get a job. It also helps the employer to reduce the cost of recruiting and turn-over and it provides a more effective means of managing the national labor force.

CONCILIATION SERVICE

The institution of a Federal Conciliation Service aids labor in securing a peaceful settlement of its disputes with management without the need for recourse to strikes but by the same token it helps relieve employers and the public of the economic disruption which accompanies strikes.

Further instances can be enumerated; they would serve only to emphasize the point that advancing the welfare of the wage earners of the Nation is not inconsistent with the interests of any other group nor is it detrimental to the public interest. On the contrary, I am firmly convinced that there is a substantial mutuality of interest among the various groups in the country and that it is a primary task of government to encourage and develop that mutuality of interest.

It is my view that a most essential policy in preserving our free economy and our present form of government is the maintenance of economic conditions under which the just demands of wage earners may be fulfilled.

We have proved the superiority of our system under the most difficult conditions of war. We must continue to prove it in the period which lies ahead of extreme competition among the economic systems and doctrines of the world.

To accomplish its governmental mission, the Department of Labor must be given the means to do a complete and well-rounded job.

DEPARTMENT ACTIVITIES

The functions of the Department of Labor can be considered under the following main headings?

EMPLOYMENT AND EMPLOYMENT STABILIZATION

The major responsibilities of the Department of Labor in the field of employment and employment stabilization are to make available all its resources in fulfilling the congressional mandate expressed in the Employment Act of 1946, which is designed to promote maximum employment, production, and purchasing power; to provide a national employment exchange system through Federal-State cooperation and to promote and develop an apprenticeship training program.

LABOR STANDARDS AND LABOR LAW ENFORCEMENT

The Department is charged with the responsibility for promoting and improving labor standards for the entire working population, including men, women, and children, and to administer and enforce such laws as the Fair Labor Standards Act of 1938, the Walsh-Healey Public Contracts Act, and the Davis-Bacon Act.

INDUSTRIAL RELATIONS

The Department's responsibility in this regard is to promote the interest of industrial peace through its conciliation and mediation service.

LABOR STATISTICS AND INFORMATION

This is one of the oldest responsibilities vested in the Department of Labor and is performed through the Bureau of Labor Statistics. This Bureau is an impartial fact-finding agency which collects, analyzes, and publishes information relating to labor, prices, and industrial relations.

Senator THOMAS. Mr. Secretary, do you have the date there when the BLS was formed?

Secretary SCHWELLENBACH. It was formed before the Department of Labor was formed.

Senator BALL. 1894, I believe.

Senator THOMAS. It has been termed a New Deal agency and I want to show that it is not a New Deal agency and it has been in existence for many years.

Senator KNOWLAND. The Bureau of Labor Statistics?

Senator THOMAS. Yes.

Senator KNOWLAND. I think it was in the 1880's.

Mr. DODSON. June 13, 1888.

Secretary SCHWELLENBACH. It was an act of Congress of that date. Senator McKELLAR. 1888?

Secretary SCHWELLENBACH. 1888, yes.

INTERNATIONAL LABOR MATTERS

In labor, as in other fields, the international question must be taken into account. The Department of Labor has important responsibilities under this heading.

DEPARTMENT'S ADDITIONAL LEGAL AUTHORITY

I have tried in my administration of the Department to improve it as an institution which can serve the people of the United States more effectively in every phase of its work. The Congress has given the Department during my administration additional legal authority. It enacted a law which established the office of the Under Secretary and three Assistant Secretaries of Labor.

One of the offices of Assistant Secretary of Labor was assigned particularly to the field of international labor. The Foreign Service Act of 1946 developed this latter authority more fully by placing an Assistant Secretary of Labor on the Foreign Service Board which regulates the Foreign Service of the United States.

It is my considered view that the interests of the Nation require a fuller development of the potentialities of the Department of Labor, rather than reduction of its effectiveness.

INTERNATIONAL LABOR ORGANIZATION

Senator KNOWLAND. There is an International Labor Conference coming up soon in Geneva?

Secretary SCHWELLENBACH. The International Labor Organization, the ILO, which was organized as a part of the League of Nations and was the only organization which finally survived all of the things that happened to the League of Nations. When they were through the ILO was still in existence.

Senator KNOWLAND. You feel that it is important that that work be continued so that those in Europe and other places where they have, not a free economy, but a point of view presented of free enterprise as we have here?

RUSSIA OUTSIDE OF INTERNATIONAL ORGANIZATION

Secretary SCHWELLENBACH. Well, unfortunately, Russia does not belong to the ILO. There is not the opportunity to present it to the Russians but all of the other nations are a part of it. They meet once a year and the representatives of labor and management are selected and then the Government representatives always include a Member of the Senate and a Member of the House.

Senator Thomas of Utah has been attending the Conferences for the last 2 or 3 years because of his particular interest in the International Labor Organization.

Senator KNOWLAND. The point is that if we were not represented in the Conference there would be no method of getting before these other nations the free-enterprise system as we know it in this country?

Secretary SCHWELLENBACH. That is true.

DISCUSSION OF BUDGET CUT BY THE HOUSE

I would like to turn now to the action of the House on the 1948 budget of the Department of Labor. The House reduced the budget for operating funds of the Department from \$31,850,700 to \$18,136,200. This represents a reduction of \$13,714,500, or a cut of 43 percent.

The Department's budget estimate for grants to States for public employment offices, which is a nonoperating fund, was reported by the House Subcommittee on Appropriations and voted by the House without reduction.

The severity of the reduction in the operating funds of the Department calls for an explanation of the basis upon which the Department of Labor's budget estimate was prepared and a consideration of the consequences of the reduction.

AMOUNT CUT BY DEPARTMENT IN PREPARING BUDGET

Bureau officials were given strict instructions by the Department to prepare their budget estimates from the standpoint of the minimum estimates necessary to render services which are essential to the discharge of the duties imposed upon them by law. These requests were reviewed carefully by the budget officer of the Department. The Under Secretary of Labor, Mr. Johnson, and I personally reviewed the budget and the budget officer's recommendations to assure ourselves that only the minimum funds required to provide essential services were included in the estimates. As a result of this review, services were eliminated and the budget estimates reduced by the amount of \$2,553,000.

Senator McCARRAN. Before it went to the Budget?

Secretary SCHWELLENBACH. Before it went to the Budget.

AMOUNT CUT BY BUREAU OF BUDGET

The budget estimate of the Department was submitted to the Bureau of the Budget and the President for approval. A careful study was made and as a result all services which were not considered absolutely necessary at this particular time were eliminated and a reduction made in the budget estimate for operating funds of the Department of \$4,749,918.

So, we have a total there of \$7,300,000 reduction made before the matter was presented to the Congress.

The reductions in the bureau estimates which were made by the President and myself were intended to limit the budget to services which are absolutely necessary at this time. Other services, of undeniable merit, but which did not meet this standard, were deleted.

VIEW ON EFFECT OF HOUSE REDUCTIONS

I have reviewed the report of the House of Representatives Committee on Appropriations and the House bill and I have reached the conclusion that the reduction of Department of Labor operating funds by 43 percent will make it impossible for the Department to carry out many of the functions vested in it by substantive law and will have detrimental consequences to our economy far outweighing the apparent savings of 13½ million dollars.

I am in complete accord with the view that it is necessary to begin making substantial reductions in our national debt but I am convinced that this must be done without cutting off services which are vital to the maintenance of a stabilized economy. We cannot overlook the fact that our ultimate ability to reduce the national debt depends upon our ability to maintain a stabilized economy from which can be drawn the necessary revenues.

Furthermore, it should be noted that even the House Committee on Appropriations did not subordinate all other national considerations to the need for showing dollar savings in appropriations.

GRANTS TO STATES FOR PUBLIC EMPLOYMENT OFFICES

Thus, the committee recommended no reduction in the appropriation for grants of money from the general fund of the Treasury to the States for public employment offices. It also raised the dollar amount above budget estimates in a number of appropriations in the other parts of the bill. Such actions were based on considerations of national interest.

I would suggest that if the same considerations are relied upon, the funds requested in the Department of Labor's budget estimate should be restored.

DISCUSSING TOTAL EMPLOYMENT, UNION MEMBERSHIP AND COLLECTIVE BARGAINING

Certain it is that the complexities and importance of the labor problems facing the people and the Government of the United States have not been reduced by 43 percent, as the House bill would reduce the budget of the Department of Labor. The change in the labor situation and the consequent increase in the demands for services of the Department of Labor are illustrated by the facts that total civilian employment increased approximately 10 million, from 45 million in 1938 to 55 million in 1946; union membership increased from approximately 8 million to 15 million during the same period, and collective bargaining agreements are substantially in excess of 50,000 at the present time, which is probably more than double the number in existence in 1938. Approximately 1,000 of these contracts expire each week.

SERVICE TO MANAGEMENT AND LABOR

The services of the Department of Labor are called upon in the peaceful renegotiation of these contracts as well as in those cases which result in disputes and stoppages. It is necessary to make

available to both management and labor adequate statistical information on cost of living, wages, and similar items; to furnish advisory information on labor standards and to provide information on improved collective bargaining machinery, as well as to provide adequate conciliation service.

HOUSE ACTION ON DEDUCTION IN PERSONNEL

There is another phase of the House action which I think I should discuss with you. The report of the committee on page 3 states that—

Wherever reductions in appropriations require reductions in personnel, it should be stated here that such reductions in personnel must be undertaken at the earliest possible date. If it is necessary to dismiss any such persons after June 30, 1947, the departments and agencies concerned must understand that terminal leave costs attendant to such dismissals will be borne by the 1948 appropriations for terminal leave.

No deficiency estimate for such purpose either 1947 or 1948 will be entertained.

This directive of the House committee raises a major problem for the Department because of the size of the cut recommended for fiscal year 1948. The budget which Congress made available to us for the performance of substantive duties for the fiscal year 1947 cannot be used in accordance with the appropriation for this purpose under the recommendation of the House committee.

It is necessary to take a substantial part of this appropriation and divert it to pay the sizable terminal leave which is owing the employees of the Department who may have to be dismissed. It will be necessary for me to issue notices of termination or orders to employees to take annual leave on April 15, 1947.

Even if the Congress should restore fully the appropriations requested by the Department, there will be a serious breakdown in the work and efficiency of the Department. The only suggestion I can make in this connection is that early action be taken on the appropriation bill for the Department.

This statement was prepared to be read Monday and I was unable to be here so it reads in the future as far as other witnesses are concerned but I will read it that way.

The heads of the various bureaus in the Department will appear before you to explain in detail the reasons why we think you should restore the amounts which have been deleted by the House from the Department of Labor budget. I shall indicate more generally in connection with the component parts of the Department, the reasons why I think this appeal is justified.

AMOUNT OWED PERSONNEL UNDER TERMINAL LEAVE

Senator BALL. Mr. Secretary, before you leave this whole question of terminal leave, have you any statement or estimate as to the total owed to the employees?

Mr. DODSON. We do not have for all employees of the Department, but we do have an estimate on those under this reduction of \$508,000.

Senator McCARRAN. Has that been accounted for under the House bill?

Mr. DODSON. I beg your pardon, that is not the total. That is for the Bureau of Labor Statistics alone. I will have to give it to you bureau by bureau if you want it.

Senator McCARRAN. As I understand it, the House does not contemplate these; that is, the money is not in the House bill.

Senator BALL. They are specifically directed to absorb it.

Secretary SCHWELLENBACH. Specifically directed to absorb it. On the 15th of April we will have to let the people go.

Mr. DODSON. The terminal-leave figure I gave you for the Bureau of Labor Statistics includes 15 days' notice. We used to give 30 days' notice but because of our serious situation we will not be able to give 30 days' notice. In fact, all of our notices should go out about April 15, in order to give the 15-day notice.

Secretary SCHWELLENBACH. There is another problem which seems to me impossible to solve. We give these people notice and they take their annual leave and if they have seniority in the Department and are qualified for positions, they have a right to come back and bump somebody out of a job.

So that, while war-service employees do not have that opportunity, and we will try to use them, a good many of these people could come back the 1st of June and say, "I want a job." We would then have to pay leave to those bumped so we have no way of determining how much money we will save starting with the notice given on the 15th of April.

Mr. DODSON. These figures are all approximate for the reason the Secretary has stated.

Senator BALL. Could you give us the figure?

Mr. DODSON. Around \$1,750,000.

Senator McCARRAN. Total?

Mr. DODSON. Yes.

WAR STATUS EMPLOYEES

Senator DWORSHAK. Mr. Secretary, has it not been known for several years that you were employing a lot of temporary war-status employees who were temporary and ultimately would have to be taken off the pay roll?

Secretary SCHWELLENBACH. To a certain extent; yes.

Senator DWORSHAK. I have here the Office of the Secretary in 1939, 135 employees; 1940, 222; 1941, 188; 1942, 293; 1947, 324; and for the year requesting 348.

It should be obvious that the wartime levels of employment throughout the Department and even in your own office could not be expected to be maintained long after the VJ-day.

Secretary SCHWELLENBACH. I have a statement in my explanation in regard to that. Those figures are not as bad as they look.

Senator DWORSHAK. This information comes from the Department of Labor, Office of the Chief Budget Officer.

Secretary SCHWELLENBACH. The figures are accurate, but there are certain functions which have been affected which are not reflected there.

ACCRUED LEAVE

Senator BALL. Can you tell us how much of that \$1,750,000 figure is accrued leave? I imagine it accrues by calendar year.

MR. DODSON. I am afraid I cannot give you that figure, Senator Ball.

Senator BALL. Is most of it accrued?

MR. DODSON. I would say yes.

Because of the pressure during the war years to do a job in a hurry without sufficient staff, we were not able to give leave, and, in fact, vacations were restricted for more than 1 year to not more than 2 weeks, and there were not very many people who got 2 weeks' vacation.

For example, there will be a number of people in the Department who will have 90 days' leave and if you terminate people in the higher salary brackets having 90 days' leave and consider that there are only 22 workdays in a month, it will give you some idea of the situation.

Senator KNOWLAND. What is the maximum?

MR. DODSON. Ninety days was the maximum that could be carried over during the war, and I believe that has been reduced to 60 days, but those people who had 90 days are entitled to it until they use it up.

Senator BALL. Ninety workdays?

MR. DODSON. Yes.

ANNUAL LEAVE POLICY

Senator KNOWLAND. Is there any policy on the part of this Department that would not only apply to the Department of Labor but to the other departments of Government to gradually liquidate this tremendous liability of accrued leave that we have by letting them take their vacation along and gradually cutting down that tremendous liability?

MR. DODSON. The first year after the war was over, the Department did issue instructions to its bureaus to give all their employees who had worked so hard during the war an extended vacation but that has not reduced it because this leave accumulates at the rate of 26 days a year and we have not been able to spare our employees from work for long enough periods.

Senator BALL. That is more than a month of leave a year?

MR. DODSON. That is right.

Senator BALL. It strikes me that we have an overly generous policy in regard to our leave and on top of that they are entitled to 15 days' sick leave?

MR. DODSON. Yes.

Senator DWORSHAK. And originally it was predicated on a 6-day workweek and when they cut the workweek to 5 days they did not cut the leave.

MR. DODSON. I am not familiar with that.

Senator DWORSHAK. What is the authority for the 90-day accumulation?

MR. DODSON. I think that is in the Ramspeck Act.

MR. BARNETT. It is in the leave regulations issued by Executive order.

Senator DWORSHAK. Did not Congress pass any legislation?

MR. BARNETT. It passed legislation for the emergency period allowing 90 days' accumulation.

Senator DWORSHAK. When was the extension made from 60 to 90 days?

MR. BARNETT. I think it was in 1942.

Senator DWORSHAK. By Executive order, not by legislative enactment?

Mr. BARNETT. It was based on legislative enactment.

Senator DWORSHAK. Can you put that information in the record?

Mr. BARNETT. I will put in the record the basic law.

Senator KNOWLAND. Please submit that for the record.

(The information is as follows:)

THE ANNUAL LEAVE ACT

Under the original Annual Leave Act of March 14, 1936 (Public Law 471—74th Cong.), the accumulation of unused annual leave from year to year was limited to 60 days. This limitation was raised to 90 days by Public Law 806, Seventy-seventh Congress, approved December 17, 1942, which amended the original Annual Leave Act. On March 3, 1943, the regulations relating to annual leave of Government employees were amended by Executive Order No. 9307 to give effect to Public Law 806.

The right to accumulate a maximum of 90 days of annual leave is limited by this law to the duration of the national emergency declared by the President on September 8, 1939. The rate of accumulation above 60 days is limited to 15 days each calendar year. When the emergency is declared ended, the maximum accumulation will again be 60 days.

During the war, many war agencies found it impossible to spare employees from duty for vacation purposes. Had Public Law 806 not been enacted, these employees would have had to forfeit large amounts of accrued annual leave.

Senator BALL. Now, when an employee begins work he begins work on that basis of leave, it is not based on seniority?

Mr. DODSON. He begins to accumulate leave on the basis of 26 days a year. In computing the cost you not only have the 90-day carry-over that a good many employees have but there are also leave credits earned this year.

Senator BALL. Do you know of any other employment in the country that provides vacations on that kind of a basis?

Secretary SCHWELLENBACH. No, I do not.

Senator BALL. Just as a matter of public policy, do you think that is sound public policy? To begin giving vacations at the rate of more than a month a year, the first year in Government service? Are we not pretty far ahead of the parade?

Secretary SCHWELLENBACH. Off hand the policy does appear generous.

Senator BALL. I can see where an employee after working 10 or 15 years for the Government would be entitled to perhaps a month vacation but this is more than a month for clerks who come in and work just 1 year.

It seems to me that with the debt that we have that is an overly generous policy.

Senator DWORSHAK. Is that not the reason perhaps that it takes two persons for every one in the Government?

Senator BALL. On that basis it would take 12 to take care of 10 and a half jobs.

Secretary SCHWELLENBACH. Yes.

Senator KNOWLAND. You may proceed.

AMOUNT REQUESTED FOR THE OFFICE OF THE SECRETARY

Secretary SCHWELLENBACH. The House committee report seems to give as its basic reason for reducing the amount requested for

the Office of the Secretary the fact that this appropriation has grown during the past few years and states that \$1,083,686 was available in 1947. This latter figure includes certain figures from bureau appropriations which were included in the 1948 request for this office which totaled \$1,190,000.

The House committee believes we can get along on \$819,500. I want first to make it clear to you and to your committee that there are only 25 positions with salaries totaling \$141,780 which can be charged as purely departmental staff costs. The balance is for operating and administrative functions.

STAFF TRANSFERS TO THE OFFICE OF THE SECRETARY

A year ago when we presented our estimates, we pointed out that we had transferred the Business Management staffs of the Conciliation Service, Solicitor's Office, Apprentice Training Service and Division of Labor Standards to the Office of the Secretary to be merged with units in that office performing such functions. This accounts for the major portion of the growth of this office. While positions were added to the Office of the Secretary because of this consolidation, actually it resulted in a saving of 17 positions which were reflected in last year's appropriation estimates for the bureaus.

The Office of the Secretary has been enlarged during the past year as a result of the act of Congress which created an Under Secretary and three Assistant Secretaries, rather than the First Assistant and Second Assistant the Department had previously. The increased appropriation requested for the Office of the Secretary is needed primarily for this reason.

One of the Assistant Secretaries, David A. Morse, has assumed, among his other duties, responsibility for the international activities of the Department.

INTERNATIONAL ACTIVITIES

The international activities of the Department of Labor are not new, but they have expanded recently as American international activities have expanded, and they have needed coordination, over-all direction, policy-guidance, and integration at top level with the Department's domestic activities. They have also needed to be made thoroughly responsive to the national interest generally and labor's needs and aspirations in particular. Since Mr. Morse has assumed these duties, we have begun to realize substantial progress along these lines.

I would like to say, Mr. Chairman, that it was contemplated that Mr. Morse would testify today, but he has been ill for a week and I would like permission for him to appear later.

Senator KNOWLAND. He may have that opportunity.

Secretary SCHWELLENBACH. Prior to Mr. Morse's coordination of these activities, this work was carried on by specific officials in the bureaus designated by the Secretary to handle particular international problems as they arose. The work was never fully coordinated. There was no general relationship between the Department of Labor and the other departments of Government that were engaged in international work. I felt it was extremely important that this work be coordinated,

integrated with our domestic activities, and be done in full cooperation with other Government departments. As the Government's international activities and commitments have increased, it has been necessary for us to reexamine our own facilities for servicing these increasingly important operations.

Senator KNOWLAND. Is there any duplication done by Mr. Morse, by the State Department or any other agencies of the Government?

Secretary SCHWELLENBACH. There is no conflict. I was going to show in the next paragraph the various committees that he works with in the State Department and in the War Department.

Senator KNOWLAND. I see.

Secretary SCHWELLENBACH. We have now set up an efficient and effective system.

The Department of Labor, like other Government departments, has substantive responsibility for international activities. For example, any proposed international trade agreements will have direct impact upon American business, labor and agriculture, and only the Tariff Commission and the Commerce, Labor and Agriculture Departments are in a position to forecast or appraise the effects of such agreements and determine whether American interests are being fully protected.

Almost every action in the international field today and every policy pursued not only has political implications; it also has a direct effect upon the domestic labor, agriculture and business situation. It is for these reasons that the Department of Labor has an active role to perform in the international field. The Department of Labor is the only agency capable of evaluating and correlating international labor developments and the domestic labor situation. Consequently, the Department of Labor advises the President and the Secretary of State on a current basis concerning the effect of proposed policy upon the interests and needs of American labor in relation to the public welfare.

The President, the Congress, and the Secretary of State have recognized that the Department of Labor is the agency of the Government which has substantive responsibility for labor affairs, both national and international. Accordingly, they have vested in the Department responsibility for assisting in the development and implementation of a foreign policy which protects the interests of American labor and takes cognizance of foreign labor developments.

Senator McKELLAR. Do we send representatives?

Secretary SCHWELLENBACH. To the International Labor Organization?

PERSONNEL IN FOREIGN SERVICE SECTION

Senator McKELLAR. How many men have you in the foreign service in your Department?

Secretary SCHWELLENBACH. Well, Mr. Morse, has gotten some new assistants. He has, I think, four men for his assistants.

Senator McKELLAR. Four assistants over-all?

Secretary SCHWELLENBACH. No; in the office.

Senator McKELLAR. How many do we send abroad?

REPRESENTATION IN INTERNATIONAL LABOR ORGANIZATION

Secretary SCHWELLENBACH. Well, through the International Labor Organization we send one this year which will be Mr. Morse and he will probably take some man with him as an assistant. Usually somebody from the Bureau of Labor Statistics goes along as well.

Senator McKELLAR. That would be three, and then how many more?

Senator KNOWLAND. Then industry and labor are represented?

Secretary SCHWELLENBACH. Yes.

Senator KNOWLAND. Do we pay the cost of that?

Secretary SCHWELLENBACH. The State Department pays the transportation of the delegates to the International Labor Organization.

Senator McKELLAR. How many in the Labor Department does the State Department pay for?

Secretary SCHWELLENBACH. Only these special trips.

Senator McKELLAR. About how many are there in a year?

Senator McCARRAN. The State Department does not pay for any of them in the Labor Department?

Secretary SCHWELLENBACH. Mr. Morse will go to the Geneva meeting.

Senator McCARRAN. His expenses will be paid by the State Department?

Secretary SCHWELLENBACH. His expenses will be paid by the State Department.

Senator McCARRAN. I thought that would be paid by the Labor Department.

Secretary SCHWELLENBACH. No.

Senator McCARRAN. You mentioned three up here, now about how many are paid by the State Department that go to these foreign meetings?

Senator THOMAS. The record shows that we have about 85 international organizations of one size or another that we hold membership in. The State Department takes care of the main expense.

Senator McKELLAR. What I wanted to do was to find out how many of the Labor Department go to these various foreign meetings and have their expenses paid?

Secretary SCHWELLENBACH. I attended the meeting at Seattle as the Government representative and I think we had not more than four people there from the Labor Department.

Senator McKELLAR. Could you look it up and see how many go at Government expense and put it in the record?

Secretary SCHWELLENBACH. Yes.

Senator KNOWLAND. That will be done.

(The information is as follows:)

SEATTLE ILO MEETING

Five from Department, 3 from Congress, 10 from other departments, 11 from industry, 9 from labor.

PLANNED INTERNATIONAL LABOR MEETING FOR 1947

ILO (19 meetings) 20 people from the Department.

Economic Council (16 meetings) 6 people from the Department.

No travel to these meetings are paid from Labor Department funds. Travel expenses of Labor Department employees are paid from State Department funds.

BOARD OF FOREIGN SERVICE

Secretary SCHWEILLENBACH. The Congress has enacted legislation which provides for an Assistant Secretary of Labor who is engaged primarily in international labor affairs. Under the Foreign Service Act of 1946, passed unanimously in the Senate, and with only one dissenting vote in the House, there was established a Board of the Foreign Service, on which the Assistant Secretary of Labor sits as a statutory member.

This Board makes—

Recommendations to the Secretary (of State) concerning the functions of the Service; the policies and procedures to govern the selection, assignment, rating, and promotion of Foreign Service officers, and the policies and procedures to govern the administration and personnel management of the Service * * *.

That last part is a quotation from the statutes.

ASSIGNMENT OF ADVISERS TO REPRESENTATIVES TO UNITED NATIONS
ECONOMIC AND SOCIAL COUNCIL

The President has designated Assistant Secretary of Labor Morse as this Government's representative to the International Labor Organization, which the United States joined in 1934, and which is oldest and probably the most active of the specialized agencies brought into relationship with the United Nations. In addition, the Department furnishes advisers to the United States representatives to the United Nations Economic and Social Council and its commissions.

Mr. Morse will be here to give that in detail.

INTERDEPARTMENTAL COMMITTEE ON FOREIGN SOCIAL POLICY

Recognizing the necessity of receiving the advice and assistance of the Government agencies which have substantive responsibility for various aspects of foreign policy, the President and the Secretary of State have established interdepartmental committees for this purpose. The Secretary of State has designated Assistant Secretary Morse as operating Vice Chairman of the Interdepartmental Committee on International Social Policy which was set up at the direction of the President.

This Committee develops over-all United States positions on social issues before the United Nations and its related agencies and advises the Secretary of State and the President on all other international social matters.

MEMBERSHIP IN EXECUTIVE COMMITTEE ON ECONOMIC FOREIGN POLICY

The Labor Department is also a member of the Executive Committee on Economic Foreign Policy which was established at the direction of the President and performs the same functions in the economic field; and the Department will be represented on the Trade Agreements Committee recently set up by Executive order to protect United States interests in the forthcoming international trade negotiations.

ADVISORY COMMITTEE ON OCCUPIED AREAS AFFAIRS

The Department participates in the cooperation with American Republics program approved by Congress. It is a member of Assistant Secretary of State Hilldring's Advisory Committee on Occupied Areas Affairs; and by agreement with the War Department, assists the War Department on labor matters in occupied areas.

TRADE-UNION ADVISORY COMMITTEE ON INTERNATIONAL AFFAIRS

To assist the Department in reflecting accurately the needs and interests of American labor in international matters, we have created a Trade-Union Advisory Committee on International Affairs. This Committee consists of top officials of the A. F. of L., the CIO, the Railway Labor Executives Association, and the Brotherhoods of Trainmen and Engineers who meet each month with the Assistant Secretary to discuss international labor developments.

Before somebody asks me about that I will say that the organizations bear the expense.

AMOUNT ASKED FOR DEVELOPMENT AND COORDINATION OF POLICIES
AND PROGRAMS

All of the above-mentioned functions are highly essential. The job can be done on the very small budget I am requesting only because insofar as possible the background and preparatory work on international matters is being performed by the bureaus and divisions. But if this work is to be effective, it must be coordinated, supervised, and reviewed by the Office of the Assistant Secretary. To handle this coordination and to develop the policies and programs in which the Department is participating, I must have a minimum number of high-level personnel and am therefore asking for the immediate Office of the Secretary an appropriation for this purpose of \$93,769.

This is the barest minimum required for fulfillment of these important responsibilities. I am anxious that you get as full a picture as possible of what is involved in our operation on this front and I have therefore asked Assistant Secretary Morse to fill in the details.

OFFICE OF DIRECTOR OF INFORMATION

NEW POSITIONS REQUESTED

We are requesting six new positions for the Office of the Director of Information with annual salaries totaling \$20,326 for this Office. The Office of Information prepares and distributes information dealing with the work of all bureaus, offices, and divisions of the Department and operates as a clearinghouse for all information of value to labor and the general public which originates in those bureaus, offices, and divisions.

DISSEMINATION OF INFORMATION

It is the duty of the Director of Information to disseminate information to the public, through newspapers, radio, and other media, concerning the Department's facilities and programs. He is respon-

sible for adequate distribution of economic, technical, and statistical materials developed through research and analysis in the various bureaus of the Department for conformity with general policy and presentability. The Director supervises press and radio relations and other public contracts.

PERSONNEL AND COSTS

Senator KNOWLAND. How many do you have in your Public Relations Department?

Secretary SCHWELLENBACH. Three.

Senator KNOWLAND. And what is the cost of the operations, not only just for the salaries but the over-all cost for the Public Relations section?

Mr. DODSON. Well, in the Secretary's Office we have three positions at \$20,960. We have detailed to that office seven positions from various Bureaus of the Department which we had included in our estimates submitted to the House. Those seven positions cost \$43,222.

SALARY OF THE DIRECTOR

Senator KNOWLAND. What is the salary schedule on your Public Relations Director and these two assistants that you now have?

Mr. DODSON. He is a grade 15, which is \$9,975.

Senator KNOWLAND. Grade 15?

Mr. DODSON. I should have said CAF-15.

Senator KNOWLAND. What is that?

Mr. DODSON. \$9,975.

Senator KNOWLAND. Is that his base?

Mr. DODSON. That is his over-all salary.

Senator KNOWLAND. What are you proposing to do with the 16 positions that you contemplate you might have the funds with which to enlarge?

Secretary SCHWELLENBACH. Were those six or seven?

Mr. DODSON. Seven positions transferred from the various bureaus of the Department and six are new ones.

Secretary SCHWELLENBACH. The description of the positions broken down is one at grade 13, at a salary of \$7,100 for necessary research work on labor matters in response to numerous requests by magazines and newspapers.

And then we have an administrative assistant at \$3,397, responsible for routine office work to act in a liaison capacity, field representatives, and the servicing under the Department. Then we have one at \$2,645 to perform secretarial duties and three clerk-stenographers at \$2,394 apiece.

Senator KNOWLAND. I wonder if it would be possible for us to take just the month of March—the releases put out by the Public Relations Section of the Department.

Mr. DODSON. Yes; we can do that.

Senator KNOWLAND. Would you deliver those?

Mr. DODSON. Yes.

Senator KNOWLAND. That will be done.

(The information requested has been filed with the committee.)

REVIEWING OF BUREAU'S PAMPHLETS AND BULLETINS

Mr. DODSON. That would be a very small amount of the work of that Division. Its principal work is in connection with the review of pamphlets and bulletins of the various Bureaus of the Department to see that they conform with departmental policy and are put up in the best form, and to control the distribution of the pamphlets and bulletins.

Senator KNOWLAND. I made some inquiries the other day of the bureaus that were before us and I understood that some of the booklets, and so forth, that they were putting out were, as I understood it, pretty largely involved in the Bureau.

Mr. DODSON. The technical work is largely done in the Bureau involved. We have to have manpower in each of the Bureaus engaged in that kind of work. This office exercises control and supervision in order to conform to departmental policy for all of the publications of the various bureaus of the Department.

Secretary SCHWELLENBACH. Just before I came here I found that two of the bureaus had gotten out almost identical publications. The purpose of enlarging the service is to see that there is no duplication.

ENLARGEMENT OF PUBLIC RELATIONS STAFF

Senator KNOWLAND. I can understand the need for central clearing on the booklets so that you will not have duplication on the activities from the point of view of good administration of the Department. I somewhat question, however, taking on seven additional employees when we have so many essential activities of Departments that have been rather drastically cut by the House, and where perhaps the Senate committee will have to make some restoration so that those agencies will not be crippled.

Secretary SCHWELLENBACH. We will furnish you the information that you want. It is not just a hand-out place where they get out a bunch of press releases every day.

Senator KNOWLAND. I understand that, but I would like to have that for the record.

Secretary SCHWELLENBACH. We will supply that.

(The information requested has been filed with the committee.)

DISCUSSING PERSONNEL AND COST OF OPERATIONS

Senator DWORSHAK. What is the total amount involved in Public Relations? Do you have the estimate of the total amount of money or number of personnel? Do you have them classified?

Secretary SCHWELLENBACH. I think we would have to go to each description.

Mr. DODSON. If you have reference to public-relations work with the press, with the radio, that work is principally done by this office we are discussing; that is the control and focus point.

Senator DWORSHAK. But that does not give us any picture of the various agencies and boards outside the Secretary's office.

Mr. DODSON. Not so long ago we made a review as to how much time was expended on releases made by the several bureaus, and with the exception of one bureau in the Department, it is a part-time job of one person as far as releases are concerned.

Senator DWORSHAK. Under the heading of "Informational and Promotional Activity Within the Department" and taking those four or five headings, I have before me a report of hearings on the second urgent deficiency appropriations bill before the Senate subcommittee, and I find that the Department of Labor is listed for having for the fiscal year 1946, \$1,440,641 for appropriations under that heading.

Mr. DODSON. Sir, that would be for the preparation of all of the bulletins and pamphlets which the bureaus have been talking to you about. That involves taking technical bulletins and putting them into actual form so they can be read and understood by the public. That is not any way to be classified as strictly public-release type of information such as to the newspapers, radios, and magazines.

Senator DWORSHAK. It does not include any research and statistical work?

Mr. DODSON. No; it is the composing job after the technical job is done.

Senator DWORSHAK. Is not that total of \$1,400,000 quite excessive?

Mr. DODSON. For example, in the Bureau of Labor Statistics, all of the material that they gather, all of the findings of their technicians must be developed into a report in such a manner that it can be used. It does take a sizable staff to do that work.

AMOUNT SPENT IN 1946 ON PUBLIC INFORMATION

Senator DWORSHAK. You know there has been a lot of criticism of the public information, and frequently they label it as propaganda in the various Federal agencies?

This report shows that virtually \$75,000,000 was spent in fiscal 1946 on public information. Of course, a lot of that is essential to disseminate information as the result of work research undertaken by the various departments of the Federal Government, but it seems to me we have to draw the line somewhere; that people are entitled to certain information from certain services, but I question whether we can justify spending a lot of money at a time when we are trying to economize merely to sell a program of some Federal agency—to sell the voters of the Nation.

You do not consider that to be essential, do you?

Mr. DODSON. No, sir.

We do not feel that what we are disseminating to the public can be classified as propaganda. We disseminate data developed by the Women's Bureau, the Division of Labor Standards, and the Bureau of Labor Statistics, and if it did not get out in the booklets and pamphlets it would not be a good investment to spend the money for the technical and other work involved.

Senator DWORSHAK. I realize that it is not useful and available until it is published and distributed.

Secretary SCHWELLENBACH. I can say this, Senator: As I said before, I have a definite abhorrence of these hand-outs—having every day some statement put out by me or someone else—and I seldom do it.

Senator DWORSHAK. I did not have any reference to statements handed out by the Secretary himself. I think he is entitled to do that.

COST OF BUREAU OF LABOR STATISTICS FOR FISCAL 1947

Senator THOMAS. What is the cost for the year 1947 for the Bureau of Labor Statistics?

Mr. DODSON. The total cost of the Bureau of Labor Statistics?

Senator THOMAS. Yes.

Mr. DODSON. \$4,932,793, plus \$637,000 for Public Law 390 costs, making a total of \$5,569,793.

Senator THOMAS. The House committee reduced that to about 21½ million?

Mr. DODSON. \$2,373,400.

Senator THOMAS. On the House floor the motion was made to reduce another million.

Mr. DODSON. The million dollars is already taken into account in my figure.

WEEKLY AND MONTHLY STATISTICAL REPORTS

Senator THOMAS. Is it not a fact that this Bureau gathers statistics and makes them available at least once a week and this list of statistics is the basis for all statistics, including the agricultural?

Secretary SCHWELLENBACH. Yes.

Senator KNOWLAND. Once a week or once a month?

Secretary SCHWELLENBACH. Certain of them are weekly and certain are monthly.

METHOD OF ARRIVING AT COST-OF-LIVING INDEX

Senator THOMAS. I think there are 900 commodities and each week it is necessary to get the price of each of the 900 commodities and that price, wholesale price, I think it is, is added and then divided by the number of commodities, and that gives the index.

I think at the present time the index shows that the cost of living is 9 below what it was in 1920, when it was the highest that it has been in many years, so that we have made inflation by this index.

Today's Washington Post, I think, carried some information on that. As I understand, the Treasury and Agriculture Departments use this index for a basis for their calculations on whether or not the price level is going up or down. And to me it is an all-important feature of governmental activities.

Senator KNOWLAND. I think all of us recognize that the Bureau of Labor Statistics is one of the important services, and, as you pointed out, was the forerunner of the Labor Department since 1888.

COMPARISON OF APPROPRIATIONS FOR BUREAU OF STATISTICS

However, I also wish to point out, because I do not know whether the figures went into the record the other day, that the allocation made by the House was a rather drastic reduction, cutting the Bureau of Labor Statistics to \$2,373,400. Even that figure is considerably greater than 1931, when the entire amount for salaries and expenses was only \$432,000.

In 1936 the Budget totaled \$1,084,600, and as late as 1938 the total Budget for salaries and expenses amounted to \$784,000. So, even on

the 1938 figure, the amount allowed with rather drastic reduction of both the House committee and the House itself, that is, roughly, $2\frac{1}{2}$ times or more the figure that they had in 1938.

Therefore, when the statement was made that it was completely cut to ribbons, that it was hardly borne out by the fact of record.

ESSENTIALITY OF BUREAU SERVICES

Senator THOMAS. I do not know what all the activities of this bureau are, but I think the one activity I just referred to is very important.

Senator KNOWLAND. I think it is very important. I have had communications from businessmen as well as labor organizations, stressing the importance of the statistical information. Of course, we want to have the facts. Your Department needs, and business in the country needs the facts.

The only question is whether we have expanded and have taken on a lot of other reports and so on which are desirable and useful; also in view of the limitations of the budget we are faced with and the serious curtailments in other divisions and bureaus of your own Department, whether we might not be more justified to make some restorations there rather than increase a bureau which is $2\frac{1}{2}$ times what it was as late as 1938. It is merely a matter of adjusting this on an equitable basis.

Secretary SCHWELLENBACH. There is this difficulty of making a comparison: The 1938 figures of the Bureau of Labor Statistics were generally on a national basis. They did not get down into the various cities and towns of the country, right at the source. It was pretty much just a national picture they were able to get out on any of these things. That accounts for a substantial part of the increase.

Senator KNOWLAND. That is true.

INCREASES IN SALARIES

Secretary SCHWELLENBACH. And you have got to realize, too, there have been a number of congressional increases in salaries, in-grade promotions, which Congress has passed.

Senator KNOWLAND. I am taking that into consideration. You are quite right on that.

I think the testimony the other day showed that the increase in salaries amounted to about 35 percent since 1940. I think the evidence showed, but I want to call your attention, Mr. Secretary, to the fact that in 1939 the Bureau of Labor Statistics had 700 employees; in 1940, it had 603; and in 1941, it had 892.

INCREASE IN PERSONNEL

When the representatives of the Bureau were here the other day, they made a very fine showing in answering the questions of the committee, but nevertheless by 1941 they were getting the statistical information from some of these cities, perhaps not as many of them as they have since, aided with 892 employees, where the requests for 1948 amount to 2,032. Just as I say, there is a question of budget limitation and how much material you are going to be able to put out.

Secretary SCHWELLENBACH. Did they explain the added burden that has been placed upon them by the Employment Act of 1946 and furnishing information to the Economic Council?

Senator KNOWLAND. I do not know that they went into that phase of it.

Secretary SCHWELLENBACH. There has been a very considerable increase in their work. They are the fact-finding body to which the Economic Council looks for the facts upon which they base their conclusions. There has been a great increase in work load because of this.

Senator KNOWLAND. I merely mention it, not to depreciate in any degree the very fine work the Bureau is doing, but merely that we have some problems before us as a Senate Appropriations Committee.

Secretary SCHWELLENBACH. I appreciate that. I would call your attention to the fact that the Bureau of Labor Statistics has not put out any predictions in the last 2 years. A lot of other Government agencies were predicting certain things were going to happen. They collect the facts and tell what the facts are. They do not make predictions as to what is going to happen in the future.

REDUCTION IN DEPARTMENT PERSONNEL SINCE THE WAR

Senator McKELLAR. How many reductions have been made in the force of your Department, the personnel of your Department, up to now, since the war?

Secretary SCHWELLENBACH. It is an astounding figure, but it is not a fair figure for me to use. We have had the liquidation of the War Labor Board, all of their employees, and proceeded to do it within a period of 6 months.

Senator McKELLAR. How many went out then? Were any retained in other departments of the Labor Department?

Secretary SCHWELLENBACH. Only to the extent that if I had known what I know now, I would have done what Secretary Anderson did with OPA. He put these people off by themselves, so that they are not working for the Department of Agriculture. While they are working for them, they still do not get a status where they can bump somebody in the Department where they have more seniority, but only to the extent that they have taken somebody else's place because of seniority have they remained in the Department.

Senator McKELLAR. The war has been over about 3 years, 2½ years at least. How much reduction in force has been made, all told, in your whole Department?

Secretary SCHWELLENBACH. More than a thousand.

Senator McKELLAR. About a thousand?

Secretary SCHWELLENBACH. A thousand; yes, sir.

PERSONNEL REDUCTIONS MADE IN WAGE STABILIZATION BOARD AND RETRAINING AND REEMPLOYMENT ADMINISTRATION

Mr. DODSON. That is the minimum number. That can be tied to the Wage Stabilization Board and the Retraining and Reemployment Administration. There has been some further reductions because of termination of war jobs by the Bureau of Labor Statistics and the Wage and Hour Division.

Senator McKELLAR. Have you got the figures as to how many you had before the war closed? What was the exact date?

Secretary SCHWELLENBACH. August 17, 1945.

Senator McKELLAR. I thought it was August 20. Say it was August 17, 1945. It has been about 2½ years.

Will you just put in the record in answer to this question the number that you had on your rolls on August 17, 1945, and the number you have got on your rolls today?

Mr. DODSON. Yes, sir.

Senator McKELLAR. All right. Thank you.

Secretary SCHWELLENBACH. We are going to have a note on the bottom of it, calling attention to the fact we have transfers into the Department of the Employment Service and other activities, which just came in bodily.

Senator McKELLAR. Yes. I would like for you to make any explanation that you can.

(The information is as follows:)

Number on pay roll,¹ U. S. Department of Labor

	August 1945	Mar. 21, 1947
Office of the Secretary.....	154	² 295
Office of Solicitor.....	259	223
Division of Labor Standards.....	160	132
National War Labor Board.....	³ 2,534	⁴ 55
Conciliation Service.....	444	412
Apprentice Training Service.....	³ 273	494
Bureau of Labor Statistics.....	1,831	1,577
U. S. Employment Service:		
General administration:		
Veterans' Employment Service.....	³ 195	677
Other.....	³ 3,081	867
Women's Bureau.....	66	72
Wage and Hour Division.....	1,239	1,312
Total.....	10,236	6,116

¹ Regular continuing full-time people.

² Includes positions transferred from other bureaus to the Office of the Secretary.

³ Transferred to Department of Labor September 1945.

⁴ Liquidation.

DISCUSSION OF ATTITUDE OF DEPARTMENTS ON SEPARATION OF EMPLOYEES

Senator McKELLAR. It seems to me that in some of these departments—and I will not mention names—there is a desire to keep all the employees where we cannot possibly do that. One would like to see all the employees remain. Still it is just something that will cost so much; we cannot possibly do it. We have got to realize that. We have got to come to a realization of that. I was here in the First World War. We had a hard time in separating them then, but it amounted to nothing as compared to this one.

Senator DWORSHAK. I did not intend to mention the Bureau of Labor Statistics, but reference has been made by some of the members of the subcommittee and of course it is apparent that the House has made drastic reductions and proposes to make available for the fiscal year \$2,373,400. That seems like a small figure compared with the \$4,932,793 made available for this fiscal year, but it is interesting to note that the Bureau of Labor Statistics got the following appropriations: in 1938, \$784,000; in 1939, \$814,000; in 1940, \$1,012,500; in 1941, about a million; and they had a supplemental; in 1942, \$1,080,590; in

1943, \$1,099,803; and the million figure continued almost up until the pay-increase deficiencies came in, reaching the figure of almost 5 million in 1947.

I think it is a little unfair to create the impression publicly that any Members of Congress, either body, are attempting to scuttle the work of the Bureau of Labor Statistics when it is apparent they had only approximately a million dollars, and even less than that figure, in many of the years from 1938 to 1947.

Would not you agree with that statement?

Secretary SCHWELLENBACH. Well, I tried to explain a few minutes ago that there has been a change in the method of operation which was made during the wartime, getting figures on a local basis rather than on a national basis.

Senator DWORSHAK. Do we have to continue that? It is vital and essential, of course, but the question is, we ought to have a stabilized economy. The Department of Labor renders a very vital contribution to the labor economy of our Nation but, as the Senator from Tennessee has pointed out, Congress is being importuned to make some reductions. As soon as we cut even one person from the Federal pay roll, immediately the cry arises that we are trying to cripple some particular bureau or agency within the executive department, which is not true.

Senator McKELLAR. I would like to say that I am a great admirer of the Labor Department and the Secretary himself. I served with him in the Senate a long time and know he is a fine man and know he wants to do the right thing. However, I do not see how you can honestly enough tell us to pay for a wartime organization kept here in Washington all the time. It does not seem to be humanly possible for us to raise that much money.

Secretary SCHWELLENBACH. I appreciate the remarks of the Senator. I might make a trade with him, if he will trade me the remarks for a little more money in the Department.

Senator McKELLAR. I am not in a position to make a trade, Mr. Secretary.

Senator KNOWLAND (presiding). You may proceed, Mr. Secretary.

ASSIGNMENTS FOR PROPOSED SEVEN ADDITIONAL POSITIONS

Secretary SCHWELLENBACH. The seven remaining additional positions are three to the library, with annual salaries totaling \$7,684; and four to the stenographic pool, with annual salaries totaling \$8,672. We have also requested that there be approved \$34,302 covering the cost of within-grade promotions made in accordance with law.

REQUESTED TRANSFERS OF FUNDS FROM BUREAUS TO SECRETARY'S OFFICE

The above refers to new positions for 1948. There is requested for transfer to the Office of the Secretary an amount of \$72,286. This is a transfer of funds from other bureaus of the Department for services to such bureaus by the Secretary's office. It does not represent any new activities or an increase in cost, but is a continuation of day-to-day administrative services which we have been performing and for which the bureaus have been paying from their own appropriation. This will in effect provide for more clear-cut budget and accounting processes.

In restoring the above, it will be necessary to restore \$3,700 to the "Contingent expenses" appropriation of the Department for the additional personnel.

OFFICE OF THE SOLICITOR

WORK LOAD

The detailed justification which will be submitted by Mr. Tyson to you will show that there has been a constantly increasing work load which has been handled with a decreasing staff. This is particularly true in the field of litigation.

I would also like to direct your attention to the fact that the House has reduced the appropriation of this office on an erroneous assumption. The House committee report states that—

in view of the very material reduction made by the committee in practically every appropriation of the Department of Labor and the elimination of the Division of Labor Standards, the Retraining and Reemployment Administration, and the National Wage Stabilization Board, the committee believes that the reduction proposed in the funds for legal work is fully justified—

The facts are that the Solicitor has never performed any legal work for the Wage Stabilization Board since that Board had its own legal staff, which was abolished with the termination of that agency. Also, the 1948 budget estimates submitted to the House Committee on Appropriations by the Office of the Solicitor did not include any amounts for the servicing of the Retraining and Reemployment Administration, which terminates on June 30, 1947, by statutory provision.

We are actually terminating that this week. It gives you some idea of what the time involved is. The appropriations were submitted on the basis of the Retraining and Reemployment Administration ending on June 30. We decided not to ask for continuing legislation in order to make sure we have terminal-leave money. It is actually being wound up this week.

SERVICE TO DIVISION OF LABOR STANDARDS

Furthermore, the principal legal services rendered the Division of Labor Standards by the Solicitor's office have been in connection with the enforcement of the child-labor provisions of the Fair Labor Standards Act of 1938. These functions were not eliminated by the House but were merely transferred to the Wage and Hour Division. This means that the legal services heretofore required under this act will still have to be performed by the Solicitor's office even though they are performed for another agency in the Department of Labor.

We are all interested in the equal enforcement of the laws enacted by Congress. This objective cannot be achieved if the agency vested with responsibility for the institution of legal proceedings is deprived of the funds required to do the job.

CONCILIATION SERVICE

The Conciliation Service is the sole agency of the United States, aside from the National Mediation Board, charged with responsibility for the promotion of industrial peace in these difficult times. The representative organizations of management and labor, including

the National Association of Manufacturers, the Chamber of Commerce, the American Federation of Labor, the Congress of Industrial Organizations, the railroad brotherhoods, and the United Mine Workers of America, joined in a unanimous recommendation in the President's Labor-Management Conference "that the Conciliation Service be reorganized and strengthened." I considered this recommendation worthy of adoption not only because of the organizations making the recommendation but also because I deemed the recommendation very sound. Accordingly, I took four major steps to implement the recommendation:

LABOR-MANAGEMENT COMMITTEE

1. Establishment of a National Labor-Management Advisory Committee, which meets periodically with me and the Director for the purpose of consulting on basic policy which is made in the Service. This represented the first time that management ever had a voice in the functioning of the Department of Labor.

CONCILIATION SERVICE AT COMMUNITY LEVEL

2. Decentralization of the Service to provide facilities for closer supervision and direction of the conciliation function at the community level where the disputes arise.

TRAINING PROGRAM

3. An in-service-training program and provision of facilities for keeping Commissioners up to date in the constantly changing field of labor relations.

ARBITRATION PANEL

4. The Arbitration Branch was reorganized. Full-time staff arbitrators were discontinued and in their stead a national panel of arbitrators of 160 men was created, each one of whom has been cleared for competence and impartiality by regional and national labor-management advisory committees. Free arbitration was reduced and arbitrators' fees have been standardized.

These four basic steps taken by the Service would be obliterated by the action of the House. Virtually the entire supervisory and administrative staff would be eliminated, and the organization would become a headless body. The field supervision would be reduced, and it would eliminate the headquarters staff assigned to supervise the arbitration, technical service, field operations, and planning and training programs. These four separate major fields of activity cannot be handled by one person. The only way to assure economical operation and quality performance is to provide for effective field supervision and direction.

Senator BALL. You are talking now about the language in the House report rather than the reduction in funds?

Secretary SCHWELLENBACH. That is correct.

Senator BALL. With the reduction in funds, you could still perform all these functions and still have a Director. It is the language of the House report, abolishing all these positions, that takes away the supervision.

Secretary SCHWELLENBACH. Do you think I am going to ignore the House report?

Senator BALL. Oh, no. It is not the effect of the fund cut you are talking about now, but the language, the direction in the House report?

Secretary SCHWELLENBACH. Yes.

COMPLEXITY OF CASE WORK

Although case load is a factor that should be considered in appropriating funds for the Conciliation Service, it is not the sole factor to be considered. The committee should consider the complexity of the cases and should particularly take into consideration the fact that with the elimination of the War Labor Board, which provided standards and stood ready to enforce those standards where parties failed to reach agreement based on those standards, the conciliation of disputes has become more difficult and complex. As a result, the average time for handling such disputes has increased materially over the past year. Consideration should also be given to the fact that many of the war agencies dealing with labor relations are no longer in existence. The quick, speedy settlement of disputes is also dependent on adequate training of commissioners in labor relations techniques and dissemination of adequate information to the commissioners for use in specific cases being handled.

Recently I asked the Director of the Service to check his files to see whether there were any letters of criticism since January 1 of this year. Not a single such letter could be found. On the contrary, we are continuing to receive a large number of unsolicited letters from management and labor attesting to the excellent job which has been done.

DISCUSSION OF EFFECT OF HOUSE REDUCTION ON CONCILIATION BUDGET

The action of the House will have the effect of reducing the ability of the Department to prevent strikes. I do not think it necessary to elaborate on the pecuniary cost of prolonged strikes to management, labor, and the Nation. It would seem clear that the national economy will not be helped by an action which weakens the Federal agency charged with the responsibility for conciliating labor disputes and promoting industrial peace. I believe that the Nation makes a sound investment when it invests in a strong and effective Conciliation Service.

Senator KNOWLAND. That would apply whether the Conciliation Service was within the Department of Labor or any place else. You still would feel it would have to have an adequate appropriation?

Secretary SCHWELLENBACH. Yes. I think it would have to be a much greater appropriation if it is put some place else.

Senator KNOWLAND. As I view the situation from our job here, we have to look at it under the present law.

Secretary SCHWELLENBACH. Yes.

Senator KNOWLAND. If in the judgment of Congress at some time in the future the Service is put someplace else, they would have a rescission of the appropriation to the Department of Labor and would apply the appropriation elsewhere; but I feel we are not a legislative

committee. However, we have to deal with the situation as it now confronts us.

Secretary SCHWELLENBACH. Yes.

VIEWS ON AUTHORITY OF HOUSE TO SPECIFY POSITIONS TO BE ELIMINATED

The action of the House represents not only a reduction in the dollar amount available to the Conciliation Service but also specifies the positions which should be eliminated. It is my view that the action of the House in this latter regard goes beyond the authority of the House in the appropriation process. Aside from key policy-making positions that are subject to confirmation by the Senate, the executive branch has the sole authority and responsibility for the hiring and firing of personnel charged with administering the laws. I believe the House, by attempting to direct me, whom I shall hire and fire in the execution of my duties of conciliation and mediation, is attempting to exercise an executive function. This action of the House would seem to be an unconstitutional exercise of executive functions by the Congress contrary to our basic concept of separation of powers.

The action of the House does not constitute a mere abstract violation of the principle of separation of powers. It also has the practical effect of attempting to direct me through the power of the purse on specific policies and procedures that I should pursue in the conciliation and mediation process.

I believe that I am resting on sound principles of law when I say that the recommendations of the House Committee on Appropriations which are stated in its report but are not stated in the bill should be rendered inapplicable to the exercise of my executive discretion.

I therefore request that the funds for all positions requested in the 1948 budget estimate be restored.

APPRENTICE TRAINING SERVICE

The House recognized the splendid contribution of the Apprentice Training Service to the apprenticeship training program but did not appropriate the amount requested in the budget estimate. In fact, its failure to appropriate funds for automatic within-grade promotions required by law actually reduces the budget for the fiscal year 1948 below the level of fiscal year 1947. There is an expanding demand from industry for the technical skills developed by the apprenticeship training program. In particular, the building and construction industry, the railroads, and the printing trades are in serious need of these skills. Furthermore, there is a just demand from veterans recognized by the training provisions of the GI bill that they be furnished the means for improving their occupational position. I consider the modest increase in funds requested by the Service absolutely necessary to meet the developing demand. I would also suggest that you consider the relationship of these skills to national security.

WITHIN-GRADE PROMOTIONS

Senator BALL. I notice you again referred to the funds needed for these automatic within-grade promotions. I have not studied that Ramspeck Act, but it would seem to me the whole idea behind it would

be that as these employees become more valuable to the Government and can render more service, you pay them more. Then, as your normal turn-over occurs, you bring in lower grade, lower-paid employees.

Certainly, if that act is going to steadily, every year, add so many thousands, and in the case of large departments very substantial sums, to the appropriations required to function, it does not make very good sense.

Within-grade promotions presumably are based on the fact that the individual who gets the promotion is worth more to the Government.

Secretary SCHWELLENBACH. Well, can you give him the figures on this apprentice training? The point the Senator makes—and I can see what the point is—is you substitute for a man who gets a higher pay with a lower-paid person.

Senator BALL. In the turn-over. Presumably, when a man has worked for a department a couple of years and is entitled to one of these within-grade promotions, he is doing more work for the department. You could either reduce your staff, or else he will take over some additional responsibilities, and somebody comes in at a lower grade.

It seems to me, if it is working right, it should not increase the over-all personnel costs of any department.

You pointed out, of course, awhile ago, that you are stuck now with this seniority and the fact that a lot of people with seniority entitling them to higher salaries are bumping inexperienced people. Actually you are not bringing in experienced people so much.

Mr. DODSON. I would like to say this, Senator Ball: This item had the closest scrutiny by the Bureau of the Budget, more so than any other single item in our budget estimate. The theory has been that which you have expressed—that it should not increase the cost; and we had to furnish a considerable amount of information as to labor turn-over and terminal leave, in justifying the amounts that the Bureau of the Budget finally approved for this item, but we did demonstrate to the Bureau of the Budget that this was costing us additional money, that we could not absorb it just through labor turn-over.

Senator BALL. Not only labor turn-over, but when a man has experience in a job, he is more valuable. He can do more work. The fact is that when he comes into a department green, he is not as good. He cannot turn out as much work as he can after a year's or 2 years' experience, or 5 years' experience, I should think, normally, if he has any brains at all.

Mr. DODSON. I would say this: After these employees have been with us 4 or 5 years and have gotten all of the step promotions they can get, the amount that would be required for Ramspeck promotions should be less, but we have not as yet reached that particular time in the Department of Labor.

Senator BALL. As I recall, in the last 2 years this item of Ramspeck promotions has showed up every year. That has been one of the items in the budget of practically every bureau. It does not make any sense to me.

Mr. DODSON. Yes, sir; we have had it in for the last several years. I want to say this: At no time have we been permitted to put in what we thought was going to be our true cost.

Senator McKELLAR. You have not been permitted, did you say?

Mr. DODSON. The Budget Bureau has never approved the amount of money which we have felt would be the true cost of the Ramspeck promotions.

Senator McKELLAR. They have approved less?

Mr. DODSON. Yes, sir.

BUREAU OF LABOR STATISTICS REDUCTION

Secretary SCHWELLENBACH. Bureau of Labor Statistics:

The proposed reduction of \$4,327,300 is most disastrous. It will cripple and render ineffective the fact-finding and research arm of the Department of Labor and the Government. The users of this service include not only the executive branch of the Government but also Congress, industry, and labor.

Mr. Clague will develop in detail the essential services which will be cut off or drastically curtailed by the House bill. I would like to point out that the work of this Bureau is fundamental to the planning of Government and all our private institutions in management and labor. In fact, the Council of Economic Advisers in its recent economic report relied almost exclusively on the data furnished by the Bureau of Labor Statistics. I do not see how we can discharge the responsibilities placed on Government by the Employment Act of 1946 if the reduction in the BLS budget continues to stand.

UNITED STATES EMPLOYMENT SERVICE

OPERATION UNDER WAGNER-PEYSER ACT

The Employment Service has broad responsibility under the Wagner-Peyser Act which sets up a cooperative Federal-State program. This act recognizes the necessity for the establishment of an employment exchange which will function in a manner that meets effectively the national employment problem. The problem of employment is a national matter; we must have an effective national office to assist the 48 States in meeting this problem, particularly in connection with aiding employees to find workers they need wherever they are and enabling workers to go to jobs wherever they exist. The House action, however, will make it impossible for the Employment Service to do anything more than perform bookkeeping functions in connection with the allocation of funds to the various States.

I believe that the net effect of the House action is to render invalid and inoperative most of the substantive law provisions of the Wagner-Peyser Act. Mr. Goodwin will explain to you why the Employment Service has responsibilities of broader character than the Unemployment Compensation Division of the Federal Security Agency. He will also explain that the \$900,000 appropriation for this Division in the Federal Security Agency does not represent the total sum of funds actually available for the discharge of the functions of that Division.

I would add the caution that we must maintain in an effective condition the employment exchange system of this country to meet present and future employment needs, and we must also bear in mind the fact that our national agency is vital if ever a national security problem should arise.

VETERANS' EMPLOYMENT SERVICE

There is one phase of the Employment Service which merits your particular attention. That is with respect to the appropriation for the Veterans' Employment Service. The House has voted a 34-percent reduction in the appropriation request presented by the President. It is our judgment that this will make it impossible for the Federal Government to discharge adequately its responsibility to veterans whose primary need is suitable employment at an adequate wage.

WOMEN'S BUREAU

The Women's Bureau is the sole agency charged by Congress with the duty of formulating standards and policies to promote the welfare of the country's wage-earning women. The postwar readjustment problems of women workers have placed added burdens on the Women's Bureau. This Bureau operates on a modest budget. It had \$263,000 available to it in the fiscal year 1947. It asks for a budget of \$303,600 for the fiscal year 1948. I recommend that the small amount of \$40,600 be restored to the Department's budget.

WAGE AND HOUR DIVISION

The House bill reduces the estimate for this Division by about 25 percent. This reduction will have the effect of reducing the inspection program from 45,000 establishments to 33,000 annually. The rate of violations of the Fair Labor Standards Act continues, regrettably at a high level. Effective enforcement of this act is of equal importance to labor and the honest employer who complies voluntarily with the act and should be protected against the unfair competition of violators. The committee's action reduces the number of inspections below what we consider to be the safety point.

DIVISION OF LABOR STANDARDS

The House bill abolished the Division of Labor Standards and transferred a small portion of its funds to the Bureau of Labor Statistics and the Wage and Hour Division. This Division was created in 1934 as an arm of the Secretary's Office to carry forward the objectives of the organic act creating the Department, which I have previously referred to in my statement. Its functions and status have been recognized year after year by the Congress in the appropriation acts under the heading of "Division of Labor Standards." Technically, it has the same statutory status as the United States Conciliation Service which implements that part of the organic act relating to the promotion of the interests of industrial peace. The abolition of this Division will eliminate the only Federal agency working with the States to reduce industrial accidents. There were 2,000,000 last year—16,000 men and women were killed on the job. The money cost to American industry and labor was 3½ billion in 1946. The money cost will be another 3½ billion this year unless something is done to reduce accidents. The Division with its limited resources is giving assistance to a number of State labor departments in developing safety programs which will cut these losses materially.

DIVISION OF LABOR STANDARDS

The abolition of the Division of Labor Standards will also eliminate the agency in the Department of Labor which has been set up to strengthen State labor departments in their efforts to improve working conditions. When I became Secretary, I naturally began to meet State commissioners at national conferences and elsewhere. I was always surprised to hear their unsolicited expressions of appreciation for the services of the Division of Labor Standards. They frequently have made requests to me for more assistance from the Division in industrial safety or labor law administration. I am naturally gratified that this Division is offering the States the kind of service they want. I am glad they come back for more. But that is what this kind of Federal agency is for. What makes this Division indispensable to the Labor Department, and indeed to the Government, is its success as a channel for promoting close Federal-State cooperation instead of competition. I've said repeatedly that I believe in States' rights. I want State labor departments to be strengthened so they can meet their responsibilities. That's all right as a policy but some agency has got to make that policy work in specific instances from day to day. And the Division of Labor Standards has been that agency in the Labor Department.

CHILD LABOR AND YOUTH EMPLOYMENT BRANCH

The House action will transfer the Child Labor and Youth Employment Branch, with its total program of research and advisory service, to the Wage and Hour Division, a purely enforcement agency. This will render ineffective the Department's activities of research and assistance to States and citizens generally in the urgent problems of child labor and youth employment. I have agreed that with the return of the Wage and Hour Division to Washington from New York, the child-labor enforcement functions should be transferred to the Wage and Hour Division, but I do not consider that the research and promotional activities of the Division of Labor Standards in the field of child labor should be turned over to the Wage and Hour Division. The Administrator of the Wage and Hour Division takes the same view of this matter. I would suggest that the considered view of the administrative officials dealing with this problem should be given the weight by this committee.

LABOR EDUCATION SERVICE

I also wish to appeal the House action in transferring the Labor Education Service from the Division of Labor Standards to the Bureau of Labor Statistics. Some 90 colleges and universities are beginning work in the field of labor education. Upon request they are receiving advice and guidance and the necessary teaching materials from the Division of Labor Standards. The abolition of the Division will impair the efforts of the universities and the unions themselves to teach union leaders their responsibility to their country and how to get on amicably with management. The small amount transferred by the House bill to the Bureau of Labor Statistics for labor educa-

tion will not meet the problem, and a labor-education service does not belong in a fact-finding agency.

Senator BALL. Is the chief function of that Labor Education Service working with unions to educate union leaders?

Secretary SCHWELLENBACH. As it started out, I would say "Yes"; but there have been so many universities and colleges in the last couple of years which have established labor-relations courses. I do not know whether there is any significance to this or not, but two Catholic universities in my State within the last month or so started it out. Whether that means all the Catholic universities in the country are going to take it up or not, I do not know.

There has been no coordination except what has been done in the Division of Labor Standards. It has been a little difficult to get the universities to do just exactly what somebody else was doing. We have not tried to do that, but we have had many, many requests, and they send people here to spend a day with the people in the Division.

Senator BALL. Does this education service conduct seminars or courses itself?

Secretary SCHWELLENBACH. No.

Senator BALL. Does it participate with unions or labor organizations in developing those kinds of seminars?

Secretary SCHWELLENBACH. Yes.

Senator BALL. And it helps arrange the program and sends speakers and instructors?

Secretary SCHWELLENBACH. Yes.

Senator BALL. And then more recently it has gone into this field of furnishing materials and so on to universities and so on?

Secretary SCHWELLENBACH. Yes.

Senator BALL. Of course, universities have had labor-relations courses for a great many years.

Secretary SCHWELLENBACH. There has been a great development in the last 2 years.

Senator BALL. I know there is more of it now. How old is the Labor Education Service? When was that organized?

Secretary SCHWELLENBACH. I do not know just when it started. It was before I went with the Department. There was an appropriation made of \$34,000 last year. The House committee was very critical because we combined that \$34,000 with some other money we had and used it in that way. Actually the other money had always been used that way. It was not identified as a program of the Division until last year.

Senator BALL. I see.

Senator KNOWLAND. Are there any other questions? Senator McKellar?

Senator McKELLAR. How much money was used?

Secretary SCHWELLENBACH. I think it is \$34,000, plus 28.

Senator McKELLAR. You do not know how long it has been used. You do not know when we began it?

Secretary SCHWELLENBACH. The preliminary work was done before I came with the Department.

Mr. DODSON. The Division of Labor Standards for a number of years has developed material for advice in training shop stewards, handling grievances, and that sort of thing. It had never been labeled or identified as a workers' education program. It was not identified

as that until the appropriation was passed for this fiscal year, as of last July 1.

AUTHORIZATION FOR PROGRAM

Senator McKELLAR. Did an act of Congress authorize it?

Mr. DODSON. There is no specific act of Congress authorizing a program. We feel the enabling act creating the Department of Labor gave us sufficient authorization for us to do the work in the field.

Senator McKELLAR. Will you cite what it is and put it in the record?

Mr. DODSON. Yes, sir.

(The information is as follows:)

The following is quoted from act of March 4, 1913 (5 U. S. C. 611):

"The purpose of the Department of Labor shall be to foster, promote, and develop the welfare of the wage earners of the United States, to improve their working conditions, and to advance their opportunities for profitable employment."

Senator KNOWLAND. Senator Thomas?

Senator THOMAS. No questions.

Senator KNOWLAND. Senator Young? Senator Dworshak?

TOTAL NUMBER OF LABOR DEPARTMENT EMPLOYEES

Senator DWORSHAK. Mr. Dodson, you furnished the committee some statistical data here showing that the number of employees on the pay roll as of March 21, 1947, totaled 6,061; is that correct?

Senator McKELLAR. What was that date?

Senator DWORSHAK. March 21, 1947.

Senator McKELLAR. March 21, 1947.

Senator DWORSHAK. That is on this statement.

Senator McKELLAR. How many was it?

Senator DWORSHAK. Six thousand and sixty-one. Is that substantially correct?

Mr. DODSON. Yes, sir; I would say it was.

Senator DWORSHAK. I read from the February 28 report of the United States Civil Service Commission, and I find that under the Department of Labor, as of the end of February, the number of employees listed is 7,227. That is a difference of almost 1,200. What causes that disparity?

Mr. DODSON. The Secretary explained the difference between the Civil Service figures and the Budget figures by the fact that the Civil Service figures include those figures for the Wage Stabilization Board and the Retraining and Reemployment Administration, two agencies of the Department of Labor for which we are not requesting any budget for 1948. So, when you look at your 6,061, you have only the bureaus included for which we are asking funds. In the Civil Service report they are taking the total employment of the Department of Labor, including bureaus for which we are not asking funds.

Senator DWORSHAK. Why do they not reconcile those reports? We cannot look at them and sense why there is a difference.

Secretary SCHWELLENBACH. It is a question of time, Senator. We have closed up both of those agencies.

Senator DWORSHAK. Then, actually, you did have, as of March 21, only 6,061 employees?

Mr. DODSON. Yes, sir.

Senator DWORSHAK. Your budget request for 1948 was 6,712.

Mr. DODSON. Yes, sir; that is the average number to be paid. They would be full-time employees; 6,712 would be the old figure of man-years, using the old term of "man-years."

Senator DWORSHAK. As compared with 6,061.

Mr. DODSON. Yes, sir; we have actually positions in the budget of 6,980, but we would get full-time positions of 6,712.

Senator DWORSHAK. That is an increase of 651 you are asking for.

Mr. DODSON. Yes, sir.

Senator DWORSHAK. That is all.

Senator KNOWLAND. Thank you, Mr. Secretary.

Secretary SCHWELLENBACH. Thank you very much.

Senator KNOWLAND. Mr. Warren.

UNITED STATES CONCILIATION SERVICE

STATEMENTS OF EDGAR L. WARREN, DIRECTOR; HOWARD T. COLVIN, ASSOCIATE DIRECTOR; WILLIS H. RAY, ADMINISTRATIVE ASSISTANT; AND JAMES J. DINNENY, BUSINESS MANAGER, OF THE UNITED STATES CONCILIATION SERVICE—Resumed

Mr. WARREN. I would now like to clear up the misconceptions and misunderstandings of my administration of the Conciliation Service which fill the House committee report and the debate.

HIRING OF PERSONNEL FROM WAR LABOR BOARD

Charge: A disproportionate number of new personnel hired came from the War Labor Board at "lush" salaries.

The fact is that only 17 of more than 400 employees of the Conciliation Service came from the War Labor Board. Of the 26 key supervisory positions at grades CAF-14 and CAF-15, which may be affected by the proposed cut, 20 are filled by men who were in the Service when I arrived; 4 are new appointees with War Labor Board experience, and one of these was a former Assistant Director of the Service, who returned from private employment at a sacrifice in salary. Another was formerly in the Service and was transferred back from another bureau of the Department.

UPGRADING OF STAFF

In find it a little difficult to answer the present charge that we have "lush" jobs in the Service, since our program for upgrading our staff in order to attract higher grade personnel was approved by both Houses of Congress last year, and before that by the United States Civil Service Commission and the Budget Bureau. The upgrading program was instituted upon the recommendation of the Labor-Management Conference, which said, "The salaries of commissioners and officers of the Service should be sufficient to attract persons possessing the necessary qualifications."

LOSS OF PERSONNEL TO LABOR AND MANAGEMENT

May I say that the labor-relations field is highly competitive and the Service has long suffered from constant raiding by management and labor organizations who have hired away from us at higher salaries more than 40 men during the last 3 years. A large proportion of our present staff has at one time or another been offered outside positions at higher salaries.

The action of the House this year would nullify what the Congress approved last year in providing higher grades and higher salaries at these top levels.

TRANSFER OF FIELD EMPLOYEES TO WASHINGTON

Charge: A fraud was perpetrated when seven departmental employees were carried on the field pay roll and assigned to Washington.

Seven departmental employees were carried on the field pay roll and assigned to Washington. This was done as a temporary measure during the period of reorganization pending Budget Bureau and congressional approval for funds to permit the increase in our Washington staff by the positions required. This is not an unusual administrative practice and no attempt was made to conceal the fact that these people have been working on the Washington departmental staff. On our own initiative we presented the facts concerning these detailed employees to both the Budget Bureau and the House Appropriations Subcommittee when we requested the funds to continue their work.

These seven were detailed to the departmental staff because they were essential to the reorganization program and because they had specialized skills which qualified them for their designated tasks under our reorganization program. One of the seven people involved is Louise Stitt. Of the six men, three are veterans. A fourth served in OSS, attached to the Twelfth Army Group.

REFERENCE TO THREE EMPLOYEES ON ROLLS IN MAY 1946

Much ado has been made about the fact that three of the seven people were on our rolls prior to our appearance before the Appropriations Committee in May 1946, and that we did not refer to those specific positions at the time. The fact is that our budget request for the fiscal year 1946-47 did refer to a reorganization program and a need for building up the Procedures, Analysis, and Training Branch. At the time of our appearance, however, we were still in the reorganization stage and did not know how many permanent employees would be required. Furthermore, as appears on page 681 of the hearings this year before the House Appropriations Committee, under the President's regulations relating to budget requests, we were forbidden to make any changes in our request after it had been approved by the Budget Bureau and submitted by the President. At the time that our budget was prepared for submission to the Budget Bureau in September 1945, plans for a planning, analysis, and training staff had not as yet been formulated. In fact, that chief of the Branch was not appointed until January 14, 1946. Our failure to discuss the three employees hired prior to May 1946 for departmental functions was

therefore not designed to perpetrate any fraud upon the committee but was rather in compliance with the President's regulations forbidding modifications of budget requests.

SIZE OF WASHINGTON STAFF

Charge: The Conciliation Service has built up a large departmental staff in Washington to the detriment of the field staff.

When I assumed office, there were 60 employees, including clerical, working in the Washington office. Today there are 63 persons, including 39 clerks, working in the Washington office. Actually we have the smallest proportionate departmental staff of any governmental agency in the labor relations field. The Conciliation Service proposed budget for the fiscal year 1948 requests only 12 percent, \$290,603, for personal services on the departmental staff.

LENGTH OF SERVICE OF PRESENT DIRECTOR

Senator McKELLAR. How long have you been the head of the organization?

Mr. WARREN. Since the latter part of September 1945.

Senator BALL. In that connection, Mr. Warren, the Conciliation Service should have a much lower departmental budget than any other governmental agency.

Mr. WARREN. I think normally you would have.

Senator BALL. Like the NLRB, which was a judicial agency. You perform only conciliation.

Mr. WARREN. That is correct. I suppose the National Mediation Board is the agency performing the job similar to ours. All of those agencies do have a larger departmental staff.

LAY-OFF OF EXPERIENCED CONCILIATORS

Charge: The reduction in force resulted in lay-off of experienced conciliators to make room for departmental employees.

The reduction in force of 40 Commissioners of Conciliation and members of the Washington staff was necessary in order to take care of a deficit in the budget. Before making a decision to lay off staff members, every possible economy in operations was instituted. The reduction in force which occurred in December developed as a result of a combination of circumstances.

POSITIONS IN BUDGET FOR CURRENT FISCAL YEAR

Our budget for the fiscal year 1946-47 as approved by the Congress provided for 448 positions. At the time the appropriation bill was passed, we had 467 people on the rolls, which meant an excess of 19 people. At the time we felt that a reduction would not be required on the basis of past history of separations and normal turn-over.

When it was determined that a reduction in force would be necessary, we found that the amount of payment for terminal leave due to 4 employees would equal the annual salary cost of 1 additional employee, so that of the 40 reduced, 8 were necessary due to terminal leave costs of 32.

In addition, the time required for preparing retention registers and notices to the employees affected, as required by the regulations, resulted in further accumulation of terminal-leave pay for those employees to be affected by the reduction. The time thus consumed meant the reduction of nine individuals would not have been effected if the reduction could have been made effective on October 1.

The deficit arose in part from the reinstatement of 15 commissioners after military furlough. No employees had been laid off or additional funds provided for their reinstatement. The deficit was more aggravated through our reclassification program.

The lay-off was conducted as required under the retention preference regulations of the United States Civil Service Commission. Although preapproval was unnecessary, the plan was brought before the Civil Service Commission and its approval obtained before becoming effective. Within the limits prescribed by the regulations, the classes of positions to be affected were worked out in conjunction with Associate Director Colvin and all the regional directors, all of whom know the positions involved much better than I do.

LENGTH OF SERVICE OF SEPARATED CONCILIATORS

There has been considerable misrepresentation about the fact that old-time conciliators were laid off. The fact is that of the 40 people involved in the reduction in force, only 4 had been in the Service prior to the war; 21 had less than 2 years with the Service; 15 had more than 2 years but less than 5 years with the Service. The four people who had been on the rolls prior to the war were included for reasons of operating efficiency of the Service. If the committee desires, I will be glad to discuss all of those four cases individually.

The staff reductions were on a proportionate basis and not restricted to the field personnel.

FUNCTION OF PROGRAM BRANCH

Charge: The Program Branch performs no useful function. The fact is that the Program Branch was set up pursuant to recommendations of the President's Labor-Management Conference.

The Labor-Management Conference specifically and unanimously recommended:

Provision should be made for practical training for newly appointed conciliators. During such training, the newly appointed conciliators should be assigned as observers in the course of actual conciliation of a variety of cases. Adequate facilities should be made available to assure thorough knowledge on the part of conciliators of the policies of the Service, techniques of conciliation, labor laws, and industrial relations practice. Information services should be made available to all conciliators to keep them currently abreast of developments in the Conciliation Service, and to provide them with up-to-date information on current labor law and industrial relations practice. In addition, periodic refresher courses should be conducted in the interest of maintaining high standards of service.

At the time I assumed office in September 1945, the Service had few facilities for intensive training and refresher courses nor did it have any staff functions relating to basic planning of the operations of the Service.

The Program Branch was created to accomplish these objectives. Specifically, this Branch plans and conducts our in-service training program, through periodic refresher courses in Washington and through 1- and 2-day regional conferences. It is preparing a basic reference handbook that will for the first time provide conciliators with an exact statement of Government laws and regulations, labor contract provisions, and Conciliation Service policies and procedures. It publishes a weekly newsletter to keep conciliators abreast of current developments that directly affect the disputes they are working on in the field. It has revised our reporting system to provide an adequate basis for supervision and review of cases handled in the field. It provides adequate operating statistics of the functioning of the Service. It has developed the program of supplemental mediation devices, including special conciliators, tripartite mediation, and emergency boards of inquiry. I believe this Branch performs many essential functions.

Senator BALL. In that connection, who are the Chief of the Branch, the Assistant Chief of the Branch, and the assistant chiefs of those various sections? What is their background?

Mr. WARREN. We will be glad to give that to you.

Senator BALL. You can go ahead while he is getting that out.

FIELD OFFICERS AND SUPERVISORY POSITIONS

Mr. WARREN. Charge: There are too many field officers and too many supervisory positions.

The House committee report states: "In an office out of which work only three conciliators, there is no sense in having a regional director and an assistant regional director or even a branch supervisor." Actually, from 20 to 50 conciliators are supervised out of each regional office with a regional director and an assistant regional director.

When I assumed office there were five regional offices. Thereafter I established two more regional offices in Boston and Kansas City. There are, in addition, 7 branch offices and 17 field offices. With this program of decentralization, conciliators were brought more closely to the area of possible disputes and a system of closer supervision was provided than had theretofore existed. When I assumed office, the supervisory ratio was an approximate average of 40 men to each supervisor, whereas it is now an average of about 12 working commissioners to each supervisor.

Senator McKELLAR. Did you ask for these different officials before the Congress authorized them?

Mr. WARREN. No, sir; I did not.

APPROPRIATIONS FOR FIELD OFFICES

Senator McKELLAR. You say here, "When I assumed office there were five regional offices. Thereafter, I established two more regional offices in Boston and Kansas City." What appropriation were those offices included under?

Mr. WARREN. The appropriation approved by the Appropriations Committee and Congress last year.

Senator McKELLAR. Were those offices specifically included?

Mr. WARREN. It specifically included monetary provisions for those two offices.

Senator McKELLAR. And 7 branch offices and 17 field offices?

Mr. WARREN. Yes, sir.

Senator McKELLAR. They were included?

Mr. WARREN. Yes, sir.

Senator McKELLAR. Will you get the particular provision of law and put it in, in answer to this question?

Mr. WARREN. I would be very happy to, Senator.

(The information is as follows:)

Funds for the offices in the field were included in: Public Law 549, "An act making appropriation for the Department of Labor, Federal Security Agency, and related independent agencies, for the fiscal year ending June 30, 1947, and for other purposes."

The 1947 budget proposed by the Conciliation Service for the current fiscal year provided funds for these offices. The sum as requested in the 1947 budget was approved with only minor modification and with no indication of disapproval of the offices in the field.

BACKGROUND OF PERSONNEL IN TRAINING OR PROGRAM BRANCH

Mr. WARREN. I can go back to the question that Senator Ball asked with respect to the persons in the Planning, Analysis, and Training Branch, also called the Program Branch.

CHIEF OF BRANCH

The Chief of the Branch is Mr. William Ellison Chalmers. He is a man who is 44 years old. He has 1 year with the Social Science Research Council; 1 year, Wertheim Fellowship, Harvard; 2 years, University of Pittsburgh, instructor; 3 years, United States Department of Labor, right here with ILO; 2½ years, Chief of Research Bureau Employment Security, Social Security Board; 4 years, Labor Relations and Labor Production Committee, War Production Board; and 1¼ years, chairman of the War Shipping Panel, National War Labor Board. He is one of the individuals who was with the Department of Labor prior to the war. He went with the War Labor Board during the war period and returned to the Department of Labor following it.

Senator BALL. Actually, he has never had any experience as a mediator?

Mr. WARREN. He has mediated a considerable number of cases, Senator Ball, while he was with the War Labor Board, while he was with the War Production Board, and did do a considerable amount of that kind of work.

We filed that information specifically with the House Appropriations Committee with respect to the different people in this Branch, the actual cases they had mediated. I can get that information for you.

Senator BALL. It just struck me that he had been primarily a research man.

Mr. WARREN. He is a teacher.

Senator BALL. That would practically ruin him as a mediator.

Mr. WARREN. He was a teacher, I believe, Senator Ball, primarily, but he had had some actual mediation experience.

Senator BALL. After all, this is your Program and Training Branch, and the head of it should be somebody who had had rather extensive experience as an actual mediator or conciliator. It would so seem to me.

Mr. WARREN. That information with respect to the cases where he has participated as a mediator, you will find on pages 670 and 671 of the hearings before the subcommittee of the Committee on Appropriations of the House of Representatives.

Senator BALL. Is that since he has come in this last time?

Mr. WARREN. Part of it is since he has come in, although also while he was chairman of the War Shipping Panel of the War Labor Board, he actually helped mediate specific disputes, such as that involving the Waterman Shipping Co. and nine other east coast shipping companies, and the Seafarers International Union, A. F. of L.; the East and Gulf Coast General Agents of the War Shipping Administration, and the American Communications Association, CIO; the Pacific American Shipowners Association and the American Communications Association, CIO; and others.

Senator BALL. I do not think you can count the War Labor Board experience as conciliation experience because they had a pretty big club they were carrying when they were conciliating.

Mr. WARREN. It is true they did have authority to issue orders, but the Board did endeavor, as you will recall, to actually mediate cases before they issued orders.

Senator BALL. They also controlled the terms of the settlement as far as wages were concerned.

Mr. WARREN. That is right.

Senator BALL. So that it was not so much mediation in many cases as telling them, "Here is what you can do. You had better do it." That is not exactly mediation.

ASSISTANT DIRECTOR

Go ahead. Who is the assistant?

Mr. WARREN. The Assistant Director of that Division is Frederick R. Livingston. For 2 years he was associate general counsel, CIO union; 4½ years, attorney and trial examiner, National Labor Relations Board; and 3½ years of private practice with a firm handling bank and corporate work.

Senator BALL. Again no actual conciliation experience in the field outside of these assignments.

Mr. WARREN. By the way, with respect to Mr. Livingston, he was hired as a conciliator in the field and actually started with the Service as a field conciliator and handled a number of cases extremely successfully out of the New York regional office, and he was later brought in to Washington.

Senator BALL. He got all his experience after he was hired in January 1946. Now he is Assistant Chief of this Training and Program Branch.

Mr. WARREN. He got all of his experience in actual conciliation work.

Senator BALL. That is what we are talking about.

Mr. WARREN. That is correct.

Senator BALL. O. K.

CHIEF OF REPORTS AND ANALYSIS SECTION

Mr. WARREN. One of the chiefs of the sections is Mr. Greenberg. His function is in connection with operating statistics. He is in charge of the Reports and Analysis Section. He is an old employee of the Department of Labor, who went with the War Labor Board during the war and returned to the Department of Labor, and he has been in charge of our reports and statistics work.

Senator BALL. He has had experience as a statistician, at least. How about the Chief of your Training Section?

CHIEF OF TRAINING SECTION

Mr. WARREN. That is Mr. Frank Harris, Chief of the Training Section. Mr. Harris was for 12 years a college professor, teaching economics; for 2 years a hearing officer of the Disputes Division of the National War Labor Board; for 1 year a panel chairman and special representative and arbitrator of the National War Labor Board; for 1 year a private arbitrator; and he was in the armed services during the First World War.

Actually, as shown in the testimony before the House Appropriations Committee, Mr. Harris also has assisted in the mediation of a large number of disputes.

TRAINING OFFICERS

Senator BALL. Who is the training officer in that Section?

Mr. WARREN. As a matter of fact, in the operation of the section, Senator Ball, under Mr. Chalmers, and Mr. Livingston, Mr. Harris is the head of the Training Division. Those people work with the experienced conciliators in the field. We do not attempt to have those people tell the conciliators how to work. At all of our conferences, the experienced field commissioners are brought in and assist in the actual training work.

I see you were referring to Elaine Wright, who is shown as a training officer. As to her background, she was for 4 years in the Wage and Hour Division of the Department of Labor. There she was exemptions examiner. She went with the War Labor Board, where for 4 years she was disputes officer, and then came back to the Department of Labor in the Conciliation Service. For 4 years she was an international representative of the Amalgamated Clothing Workers before coming with the Government.

COMPLAINTS THAT TRAINING AND PLANNING SUPERVISORY PERSONNEL
IS INEXPERIENCED

Senator BALL. As you recall, in our hearing before the Labor Committee on this whole section, I think Senator Morse had received a great many complaints. He is more familiar with the field offices. One of the objections was that this whole training and planning branch was headed by people with relatively little experience in actual field conciliation work, which might naturally provoke the conciliators who had spent from 5 to 20 years actually out on the firing line trying to settle disputes.

Mr. WARREN. As I mentioned, we have tried to combine the academic qualities of training with actual experience of the field commissioners, and our training work is never done only by the people on the staff in Washington. It is always participated in, and they are assisted, by the people who have had years of experience in actual conciliation work.

Senator BALL. I agree it is an administrative function, too, that probably Congress has no business butting in on, but it certainly appears to me that staffing this branch with people with as little experience in actual conciliation as appears here does not make too good sense.

Mr. WARREN. I would like to mention this, since you brought it up: I tried to get at least three or four of our best conciliators to come into Washington to work in that branch. They did not like the idea of an office job. For example, one of our very best conciliators is a man by the name of Yates Heafner, who works out of the Atlanta region, and I have been trying for months to get him to come to Washington to help us in this training program. I think, quite understandably, they prefer the actual work on the firing line to work in Washington of this kind, although they would be extremely useful.

We have also tried to get other conciliators to Washington to take that kind of a job, but they do prefer the actual conciliation work, the give and take. After they have been in that for years, they do not like the idea of having desk jobs.

Senator KNOWLAND. We have run about 15 minutes beyond where we had planned on going. The Senate is meeting again in a few minutes. I think, inasmuch as we apparently will not be able to finish tonight with this, we will meet at 10 o'clock in the morning and take you on first and you can finish up.

(Thereupon, at 4:45 p. m., Wednesday, April 9, 1947, an adjournment was taken until Thursday, April 10, 1947, at 10 a. m.)

LABOR-FEDERAL SECURITY APPROPRIATION BILL, 1948

THURSDAY, APRIL 10, 1947

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D. C.

The subcommittee met at 10 a. m., pursuant to adjournment, in the Senate Appropriations Committee room, the Capitol, Senator William F. Knowland, presiding.

Present: Senators Knowland (presiding), Ball, Young, Dworshak, McKellar, and Thomas.

Senator KNOWLAND. The hour of 10 o'clock having arrived, the committee will come to order. You may proceed.

DEPARTMENT OF LABOR

UNITED STATES CONCILIATION SERVICE

STATEMENTS OF EDGAR L. WARREN, DIRECTOR; HOWARD T. COLVIN, ASSOCIATE DIRECTOR; WILLIS H. RAY, ADMINISTRATIVE ASSISTANT; JAMES J. DINNENY, BUSINESS MANAGER; CARL R. SCHEDLER, SPECIAL CONSULTANT ON ARBITRATION; WILLIAM G. BROWN, CHIEF, TECHNICAL SERVICES BRANCH OF THE UNITED STATES CONCILIATION SERVICE; AND JAMES E. DODSON, CHIEF CLERK AND BUDGET OFFICER, OF THE DEPARTMENT OF LABOR—Resumed

TRAINING FUNCTIONS OF PROGRAM DIVISION

Mr. WARREN. When the committee recessed last evening, some question was raised about the training functions of the Program Division. With the indulgence of the committee, I would like to discuss that subject for just a few minutes.

The terms "training" as it relates to the Program Division is really a misnomer. The conferences conducted by that Division are most accurately described by the titles of the agendas, "Current Problems Conference."

The sessions held here in Washington are not lectures where the men are talked at and told how to do their jobs. On the contrary, they are just what the title implies—conferences for the exchange of ideas and methods of handling cases participated in by commissioners from all over the country.

PLANNING AND COORDINATING OF CONFERENCES

The function of the Program Division is to plan and coordinate the conferences, select the discussion leaders, and to prepare digest summaries of the sessions on the basis of the joint experience gained from the participation of the field commissioners. I would like to call the attention of the committee to some sample agendas of conferences.

Here, for instance, is an agenda for a conference that was held between March 3 and 8, 1947. You will note that not only are experienced commissioners used throughout the program for discussion, but that representatives of industry and management appear and actively participate in the program.

For example, in the conference for the week of July 8 through the 13th we had a discussion of the relationship of the Conciliation Service to the housing program with representatives of the National Housing Agency and of the Wage Adjustment Board. We also had a forum on legislation in which we had Vince Ahearn, executive secretary of the National Sand and Gravel Association; Joseph A. Padway, general counsel, AFL; and Eugene Cotton, assistant counsel, CIO. We also had a luncheon meeting at which the commissioners heard from representatives of industry and labor. Carroll French, director of industrial relations for the NAM, spoke on behalf of industry, and James Brownlow, secretary-treasurer, metal trades department, AFL, and Allan Haywood, director of organization, CIO, spoke on behalf of labor. In our conference of September 23-28 you will note that we had a discussion on trade unions and conciliation problems led by William Leiserson, director of the labor organization study at Johns Hopkins.

In our conference of November 18-23 the Government labor policy forum discussion was led by Thomas Howard, chief of the department of manufactures, United States Chamber of Commerce, and Isadore Katz, general counsel, Textile Workers Union of America, and Herbert Thatcher, assistant general counsel, AFL.

MAJOR SUBJECTS DISCUSSED AND NATURE OF DISCUSSIONS

The two most important subjects discussed at this and all other conferences are contract clauses and techniques of conciliation. As discussion leaders for these two subjects we have made it a regular practice to use regular experienced field conciliators as discussion leaders. The discussions are in the nature of round-table discussions in which the commissioners have a good healthy exchange of ideas on types of contract clauses that can best be adapted to particular problems and as to the best techniques to be used in settling certain types of situations. I might say that these discussions are not always completely harmonious. Our expert "strike doctors" do not always see eye to eye on what prescription is best for the ailing parties. But such debate is a healthy sign and is beneficial to all involved. These discussions are founded upon the basic premise that each case presents a different problem and therefore no attempt is made to lay down hard and fast rules as to how cases should be settled. An attempt is made, however, to achieve through the discussion certain guide posts that might be helpful in particular types of situations. These

discussions of techniques and contract clauses have been led by such experienced commissioners as Martin O'Connell, William Ashe, Thomas Robertson, William Halloran, Arthur Viat, James McNamara, Orran Rider, William Hickerson, Frank Walsh, Dan Hurley, Charles LaValley, and others, many of whom have been with the Service over a long period of years. Although I said earlier that no attempt is made to establish hard-and-fast rules, I should modify that to note that we do try to establish rules with respect to the duty of the commissioner to maintain absolute impartiality and to at all times respect the confidences of the parties.

PLANNING FOR CONFERENCES

As the committee will appreciate, a successful conference requires careful planning. The program must be well balanced. Discussion leaders must be found who are both expert in their field and who have the ability to present their subjects in an interesting and stimulating manner. The discussion leaders, although expert in their respective fields, are not always completely conversant with the problems of the commissioners of conciliation. The program division must, therefore, meet with these discussion leaders to insure that the materials to be covered will be attuned to the needs of the commissioners.

QUALIFICATIONS OF THREE RESPONSIBLE FOR CARRYING ON CONFERENCES

I would like to say just a word about the qualifications of the three men, specifically charged with the responsibility for carrying on these conferences. The Division Chief Chalmers and Assistant Division Chief Livingston are both responsible for all the functions of the Division, in addition to conducting the conference. Frank Harris, as Chief of the Development Section, has specific responsibility for the conduct of the conferences, under the general supervision of Chalmers and Livingston. All three of these men have wide experience in the field of labor relations. They all have experience and training in education.

Mr. Chalmers, the Chief of the Program Division, combines practical experience in industrial relations and conciliation with an educational background. He was secretary of the President's committee for the study of industrial relations in England and Sweden. He has taught economics and labor courses at the University of Wisconsin, University of Pittsburgh, and Bryn Mawr.

Mr. Livingston attended the Montclair State Teachers College, in addition to Rutgers University. While with the NLRB he conducted some of the in-service training sessions for that agency.

Mr. Harris was an instructor at the University of Minnesota, and professor, and head of the department of economics at Elmira College.

All three had considerable experience in mediation of labor disputes before coming with the Service. Although they are comparatively new with the Service, they are certainly not new to conciliation and mediation of labor disputes. Mr. Chalmers was responsible for the coordination and direction of labor disputes work of the OPM and WPB, involving the work of labor and management consultants working with the Conciliation Service. He later became executive

officer for the WPB's successful effort to establish labor-management production committees in war plants. He mediated many disputes as Chairman of War Shipping Panel of the War Labor Board. Mr. Livingston, while at NLRB, settled a large proportion of cases handled. Mr. Harris mediated many disputes with WLB and prior to coming to the Service acted as independent arbitrator of many disputes.

Chalmers and Livingston have been used by me from time to time on special assignments as conciliators, and Livingston was in the field as conciliator before being assigned to the Program Division. Both have shown themselves to be very adept as conciliators.

EXPERIENCED FIELD CONCILIATORS BROUGHT IN FROM FIELD

While I feel that the men performing these functions in the Program Division are eminently well qualified for their tasks, I believe the committee should know that I invited numerous experienced field conciliators to come to Washington to assume these duties. I found that most of them preferred to remain in the field as commissioners of conciliation. However, we did have four experienced commissioners on detail to the staff of the Program Division from time to time to assist in formulating the program of the Division—Mr. John A. Moran, Mr. Frank McLaughlin, Mr. Joseph Conlin, and Mr. Clayton Watts.

In addition to these four men who spent 2 to 5 months in the Division, we also invited other experienced commissioners in for short periods to assist in preparing the program and to make constructive criticism of types of materials provided the commissioners in the field.

I realize that in any reorganization program there are some people who prefer the status quo. Friction unfortunately makes news, but I believe the committee should know that the great majority of our commissioners believe that the current problems conferences are useful and well conducted.

Do you have any other questions, Senator Ball?

OTHER WORK OF PROGRAM DIVISION

Senator BALL. Is the main job of this section setting up these conferences and holding them?

Mr. WARREN. For the program division? No, that is only one small part of the job.

Senator BALL. It publishes this news letter?

Mr. WARREN. Yes. It is responsible for all the operating statistics. As a matter of fact, a large group of employees in that Division are statistical clerks who get up our regular operating statistics.

Senator BALL. These conferences are held in Washington?

Mr. WARREN. Not entirely. We have area conferences, as well as Washington conferences, but we have felt that all of the commissioners about once a year should get into Washington for an intensive refresher session in these conferences.

Senator KNOWLAND. Is there any duplication? You mentioned statistical clerks, between that and the Bureau of Labor Statistics.

Mr. WARREN. Oh, no. The statistical clerks are used entirely in connection with the operating statistics of the Conciliation Service. We make great use of the Division of Industrial Relations of the Bureau of Labor Statistics. Mr. Stern and his group of people who are collecting union agreements and are analyzing those union agreements make them available to our conciliators and to industry and management people. We make a great deal of use of that division.

DIRECTORS OF REGIONAL OFFICES

When we started talking about that training program, I had just been discussing the regional office set-up.

The regional directors are as follows:

	<i>Years of Labor Department Service</i>
Colwell, H. Ross, New York.....	8
Cunningham, Edward J., Cleveland.....	37
Durham, Howard E., Boston.....	8
Marsh, E. P., San Francisco.....	29
Spillane, James J., Chicago.....	6
White, William F., Kansas City.....	12
Williams, Clarence H., Atlanta.....	12

All of the regional directors were with the Department of Labor because I assumed office and all but one were with the Conciliation Service. As you can see, they are all men of long experience with both the Labor Department and the Conciliation Service. I believe it would be a great loss to the Service if the accumulated experience of these regional directors were lost. If the regional directors and the assistant regional directors are eliminated, there would be no effective direction for prompt assignment of commissioners to handle disputes nor would there be facilities for advising and supervising them in their handling of disputes.

SALARIES OF REGIONAL DIRECTORS

Senator BALL. How are these people classified? What is their salary?

Mr. WARREN. CAF-15, \$9,975. We have been able to obtain that CAF-15 grade during the past year for those men. It was approved by the Civil Service Commission and by the Congress.

SALARIES OF ASSISTANTS AND COMMISSIONERS

Senator BALL. What do the assistants get?

Mr. WARREN. CAF-14, which is \$8,179.

Senator BALL. What is your range for commissioners?

Mr. WARREN. From \$4,900, the CAF-11 job, to the \$8,000 job.

Senator BALL. Up to \$8,000?

Mr. WARREN. Yes.

Senator BALL. Do you mean an \$8,000 base?

Mr. WARREN. The actual top limit for regular working commissioners is CAF-13, which has \$7,100 base. We have a few special conciliators at a CAF-14 grade, the \$8,000 job; very few.

POLICY OF DECENTRALIZATION

Most of the people concerned with industrial relations and many Members of Congress believe, as I do, that labor relations problems should be handled in the communities where the disputes occur. Pursuant to that policy, I have continued to further decentralize the activities of the Service. I believe that the excellent record of cases settled is due in large part to the ability of the regional director to assign the right man to the right case and to the handling and supervision of cases on the local level.

CHARGE THAT HIGH FEE WAS PAID TO ARBITRATOR IN A FLORIDA CASE

Charge: An arbitrator received a high fee of \$6,000 for a dispute in Florida.

We have made a careful check of our records since June 1946 and we can find no case in which an arbitrator was assigned by the Conciliation Service for any case in Florida in which the fee exceeded \$325. I would like to point out that the fees charged by arbitrators are the exclusive concern of the parties as they jointly agree on the fee to be paid the arbitrator. We do attempt to provide some guide as to the fee to be charged and we recommend that the fees be from \$50 or less a day to \$100 a day. The \$100 fee is to be charged, however, only in very involved cases. Despite this guide, however, parties are free to fix any fee they desire and they are not bound by the standards prescribed by the Service.

Senator BALL. I wonder if they could have had the Florida case with the Southern Bus Lines case.

SOUTHERN BUS LINES CASE

Mr. WARREN. That is possible. The fee was very high in the Southern Bus Lines case.

Senator BALL. It looked out of line with the number of days the arbitrator spent on it, with the cost being around \$4,000.

Mr. WARREN. Those fees were determined by the parties without regard to the Conciliation Service and without regard to the fact that the arbitrator was appointed by the Conciliation Service.

Senator BALL. In the Southern Bus Lines case, as I got the story, the parties did not agree. The arbitrator sent them a bill, and the company paid it.

Mr. WARREN. We checked that. Mr. Schedler may be able to tell you more about that.

Mr. SCHEDLER. The arbitrator reported to us that there were two other members. The company appointed one, the union appointed one, and we were requested to appoint the third member. He reported to us that the company member and the union member agreed on the fee and told him what they had agreed to as to what was satisfactory. It was \$4,120, something like that. It was a little over \$4,000.

Senator BALL. For about 2 weeks' work?

Mr. SCHEDLER. The actual hearings were about 9 days. There were hearings in Washington and in the South at Birmingham, or some place. I have forgotten the city.

Senator BALL. It was a little on the generous side, I would say.

CHARGE THAT FORMER REPRESENTATIVE BIEMILLER WAS RECOMMENDED
FOR APPOINTMENT AS AN ARBITRATOR

Mr. WARREN. Charge: I recommended former Representative Andrew Biemiller for a job as arbitrator.

Mr. Biemiller's name was submitted to the National Labor-Management Advisory Committee by a member of that committee for consideration as a member of the national panel of arbitrators. The national committee was of the unanimous opinion that his name along with others should be passed upon by the regional labor-management advisory committee for our sixth regional office. The regional advisory committee did not include Mr. Biemiller on the list of approved arbitrators. I know Mr. Biemiller, and I believe that he is a man of integrity. But the fact remains that I did not recommend Mr. Biemiller or any other person who has been considered by our regional committees for our arbitration panel. That function has been performed by the representatives of management and of labor on our advisory committees who must approve all arbitrators before they appear on the list. The procedure followed with respect to Mr. Biemiller is the same as that followed for all prospective arbitrators. The statement by Representative Keefe on page 2547 of the Congressional Record that I "recommended the appointment of Andy Biemiller for a job as arbitrator between labor and management" is an indication of the way facts were distorted on the floor of the House.

CHARGE THAT TECHNICAL DIVISION ATTEMPTS TO TELL COMPANIES HOW
TO OPERATE

Charge: That Technical Division attempts to tell companies how to operate.

Representative Keefe stated on page 2546 of the Record:

Along comes Warren. He thinks John Steelman's method of having conciliation work out in the field in the grass roots where the conciliators did the work is crazy. He is building up a great big department here in Washington with a lot of so-called experts that can go out into a plant and tell the manufacturer what is wrong, that he ought to have another assembly line here. "You are spending too much time on this operation and that operation. We can show you where you can save some money and thus pay more money to these people." It is no longer a conciliation service. That is what he is doing, and he is wrecking the Conciliation Service that John Steelman set up, despite anything that anybody may say.

The commissioners to which the reference is directed are attached to the Technical Branch of the Service. These men specialize in disputes involving wage-incentive questions and job-evaluation questions. Before their specialized services can be used to aid in the settlement of a dispute of these kinds, both parties must jointly request their services in writing. These commissioners make factual studies when necessary, but there is no final and binding award as in arbitration. The purpose behind the use of this type of mediation is to further free collective bargaining in these two highly complex fields by stressing facts where there is a strong inclination to argue emotionally. In no instance would a technical commissioner state, "You are spending too much time on this operation and that operation. We can show you where you can save some money and thus pay more money

to the people." We have had no charges that this statement was made. If we had, the commissioner would be disciplined. Furthermore, the statement quoted shows a complete misunderstanding of the functions of this branch of the Service. I wish to file with the committee a typical letter from a company, which shows what these commissioners do and what they accomplish.

(The letter referred to follows:)

ALBION MALLEABLE IRON CO.,
Albion, Mich., August 6, 1946.

Mr. WILLIAM G. BROWN,
Director, Division of Technical Services,
United States Department of Labor, Washington, D. C.

DEAR MR. BROWN: We wish to acknowledge receipt of a copy of the report of your Division of Technical Services covering studies made at our plant by Commissioners E. S. Leach and R. R. Williams, in accordance with a joint labor-management request of April 22, 1946.

In certain classifications in two departments—molding and finishing—the studies as made by your commissioners indicated insufficient allowance for minor delays in rate computations. In studying your report we and our union acknowledged joint responsibility for excessive minor delays. Further, our company acknowledged that those delays which could be considered management's responsibility cannot, with certainty, be eliminated within the near future. Accordingly all rates in the affected classifications in these two departments were adjusted by allowing 75 percent of the average of all delays as reported by your commissioners.

In the other department in which your commissioners undertook work—the core department—the studies indicated that delay allowances are more than ample. Therefore, we have made adjustments only on individual jobs in the affected classifications in this department.

We wish to take this opportunity to congratulate your Division in the manner in which these studies were undertaken, as well as on the report presentation. The break-down between elements of work and elements of delay was clear and concise and required no interpretation. Moreover, we feel that the report has been helpful in that it provided a means for furthering the education of employees and foremen in equitable wage administration.

Very truly yours,

ALBION MALLEABLE IRON CO.,
THOMAS LLOYD, Vice President.

The personnel of this branch were not affected by the recent reduction in force, for their work has increased. This branch originally worked out of Washington. Their services were not fully utilized because the field commissioners could not depend on the technical commissioners entering a case promptly. We placed these men in various regional offices, the "grass roots" as it were. The case load increased 100 percent. The disputes had existed, bad labor relations had resulted. The administrative change helped to correct that situation. These technical men are pursuing exactly the same procedure as they did under Dr. Steelman's administration, when this service to labor and industry was first started. Many of the men doing this work today were appointed by Dr. Steelman.

REQUESTS FOR STUDIES OF WAGE-INCENTIVE PLANS

Senator BALL. Do you get any requests for studies on wage-incentive plans?

Mr. WARREN. Quite a few. Those requests have come in over a period of years, many requests in the textile industry. The experience in other industries is that they are finding out assistance can be given in working out incentive plans. Very often the unions are

suspicious that the company is trying to put something over on them, and we can go in and obtain the confidence of both parties.

Senator BALL. Most of your work is in job evaluation?

Mr. WARREN. More of it is on incentive plans, I believe.

Mr. BROWN?

Mr. BROWN. Seventy-five percent is on incentive plans.

Senator BALL. Are those plans in existence? Are they requesting changes, or are they putting in new plans?

Mr. BROWN. It is mostly disputes over individual jobs under existing incentive plans.

Mr. WARREN. They also involve complete changes in incentive plans. The UAW, following the war, adopted a policy of not generally saying, "We will not tolerate incentive plans."

Senator BALL. That was what concerned me. There were quite a few of the big unions which had a policy of opposing any kind of an incentive plan.

Mr. WARREN. That is correct. However, in a number of those instances we have been able to work out plans that have been satisfactory to both sides.

QUESTION AS TO NUMBER OF INCENTIVE PLANS IN OPERATION

Senator KNOWLAND. Have you any estimates as to the number of incentive plans in operation in the country today?

Mr. WARREN. Perhaps Mr. Brown can give you that.

Mr. BROWN. There has been no survey ever made to determine that. We have never been able to get any figures on it. They are being put in every day, and nobody has ever taken the time to make a 100-percent survey to determine just how many there are. We know what industries they predominate in, though. For instance, you have rubber, leather, textiles, some types of automotive parts, going down the line. There are some industries that are known as incentive industries, where you will find 90 or 95 percent of the plans are piece-work or wage-incentive plans. As to the number, I do not know.

THE NATIONAL TRUCKING COMMISSION

Mr. WARREN. In February 1946 the Local Cartage National Conference, Inc., a Nation-wide association of employers in the local trucking industry and the International Brotherhood of Teamsters, AFL, agreed to establish voluntary machinery to mediate and arbitrate labor disputes in the trucking industry generally arising out of renegotiation and renewal of contracts. The success of the War Labor Board's Trucking Commission in settling and averting labor disputes had demonstrated, they contended, the need for the continuance of a similar tripartite commission on a voluntary basis.

The union and the association thereupon requested the Labor Department to establish the present tripartite Commission within the Conciliation Service. The Commission was informally set up in March 1946 and was more formally established as the National Trucking Commission by the Secretary of Labor in August 1946. The public member and chairman is an employee of the Department with the

industry and union members paid entirely by their own groups, receiving no compensation or expenses from the Service.

In its year's work the Commission has handled some 40 cases in various sections of the country and covering all branches of the trucking industry. These disputes involved a total of some 62,000 employees and in all cases were settled without a strike.

Among employers involved were United States Trucking Co.; Ohio-over-the-Road Employers Association; Brinks, Inc.; Madison (Wis.) Cartage Exchange; Racine (Wis.) Coal and Fuel Dealers; Los Angeles Dairy Industries; Associated Transport, Inc.; Safeway Stores; Chicago Retail Furniture Association; Trans-American Freight Lines; Chicago Local Cartage Exchange; Carriers Council of New Hampshire; Motor Truck Association of Southern California; Canton (Ohio) Motor Carriers Association. In each arbitration case, the union and the employer voluntarily agreed to accept the decision of the Commission as final and binding and in each case the terms of the Award were embodied in a contract without a strike or work stoppage.

The Commission has received national comment and its work discussed by the United States News (January 3, 1947), "Growth of Reliance on Arbitration"; Business Week, March 1, 1947, "For Arbitration"; "Associated Cartage Interests," February 1947, and "Labor and Transportation"; Railway Labor Executives Association, May 1946.

QUESTION AS TO FULL-TIME ARBITRATORS

Senator BALL. As I recall in your news letter, the Department a year or so ago adopted a policy of not employing full-time arbitrators any more?

Mr. WARREN. That is correct.

Senator BALL. This is the exception to it?

Mr. WARREN. The public member of this Commission is the only full-time arbitrator employed. That was done at the joint request of those parties.

QUESTION AS TO OTHER EXPENSES PAID BY GOVERNMENT

Senator BALL. Does the Government also pay the expense of making a record and the clerical expense involved?

Mr. WARREN. I do not know of the expense in connection with that record.

Mr. RAY. There have not been any bills in the last 6 months since I have been in the service.

Mr. DODSON. We supply one secretary-clerk.

Mr. WARREN. We supply one secretary to the chairman.

Senator BALL. What is his salary?

Mr. WARREN. CAF-13 grade.

Mr. RAY. He makes actually \$7,300. He has had an automatic increase since he has been in the CAF-13 grade.

Senator BALL. Normally, in this kind of a situation, the industry and union involved would pay this to the chairman?

Mr. WARREN. That is right. That has been discussed with them. They felt it added prestige to have an impartial person furnished by us.

Senator BALL. The expense certainly is not enough to worry about for those two groups.

Mr. WARREN. No. I think as far as the two groups are concerned, and as far as the expense is concerned, they would be glad and willing to pay that money. They did feel that having a Government representative as the third person did give the added prestige.

POLICY OF NOT EMPLOYING FULL-TIME ARBITRATORS AND NOT PAYING COSTS OF GRIEVANCES

Senator BALL. When was it you adopted this policy of no longer employing full-time arbitrators, and also of declining to arbitrate grievances and pay the cost of arbitrating grievances?

Mr. WARREN. It was in the spring of 1946.

Senator BALL. On the expiration of the current contracts which provided for arbitration, which expired as of July 1 this year, the Department will no longer furnish an arbitrator and pay the expenses of arbitrating grievances?

Mr. WARREN. Except in unusual cases where the parties can show hardship. We have cut it down, and it is our desire to further cut that. However, there will probably always be some cases where the parties, at least, will feel they just cannot afford the cost of arbitration.

Senator BALL. I have a list of cases from June 1, 1946, through March 28, 1947, in which the Government paid the cost of arbitrators assigned by the Conciliation Service. Some of them were with very small unions, and I could see some point in it, but where you have got the Sinclair Refining Co., of Houston, Tex., and the oil workers of the CIO, and the Aluminum Co. of America, and the aluminum workers of the A. F. of L., I cannot see the point there.

Mr. WARREN. Those may be small units. I do not know.

Senator BALL. The total cost in those 9 months would be about \$15,000. Then you have the Max Shapiro Co., of Washington, D. C., and the teamsters' union of the A. F. of L. If there is a wealthy union in the country, it is the teamsters' union.

Mr. WARREN. I thought maybe the date would be shown on here for those cases. When the policy was changed, it was put into effect gradually, beginning in the spring of 1946.

Senator BALL. These may be grievances, but I think your policy provided on grievance cases where the Conciliation Service was named, you would continue to pay it until the expiration of those contracts. That might be possible?

Mr. WARREN. That is right.

COST OF ARBITRATION

Senator BALL. While we are on the arbitration, I read the statement justifying the payment of this cost of arbitration. I agree that since it has been in the appropriation bill, it is probably justified; but I do not like that method of justifying expenditures. There is a lot of question as to whether they were contemplated in the original statute to go ahead and make the payments and then later on show them in the budget estimates, and when Congress appropriates, that is supposed to be legislative approval of the policy. I certainly would not con-

sider that the basic organic act contemplated paying for full-time arbitrators, but there has always been a clear distinction between mediation and arbitration.

Mr. WARREN. Yes, sir. You will recall that when I came into the Service, I raised that question because I wondered as to the extent to which we were justified in paying for the cost of arbitration. I did get an opinion from the solicitor.

Senator BALL. In the Case bill, we provided the Government could pay the cost up to \$500. We felt that it was not authorized by present law. We have gotten along fine in the last 10 years or more that they have been doing it.

PANEL OF ARBITRATORS

Incidentally, in connection with this arbitration, you have this panel of some 160 arbitrators?

Mr. WARREN. Yes.

Senator BALL. In the cases arbitrated in the first 9 months of this fiscal year, I find that in all you have used only 34 of those, and the great bulk of the cases has gone to 22 arbitrators?

Mr. WARREN. That is right, Senator Ball.

Senator BALL. Nearly all of them, according to the biographies you gave us in the Labor Committee last year, turned out to have been former conciliators, either that or War Labor Board regional directors, or something.

Mr. WARREN. You will recall that this list has not yet been published of 160 arbitrators. We are just in the process of changing over from the use of those people who were previously doing arbitration work to the broader use of the 160 names which have been approved by these regional advisory committees. I imagine in the last few weeks you would find there has been a change in that situation. We have used a broader list in the actual appointment of arbitrators.

The list should be released within certainly a month.

Mr. SCHEDLER. Less than that, 10 days or 2 weeks.

Mr. WARREN. We will then use the broader list.

SELECTION OF ARBITRATORS

Senator BALL. How are these arbitrators selected now? In a case out in the field, do they agree to arbitrate and the Service will pick the arbitrator?

Mr. WARREN. On a case involving contract terms, they will notify us that they want an arbitrator. We will send them a list of three, five, or seven people, and ask them to select someone from that list. If they want to, and they very often do, the company can scratch the names from our list of five people whom the company does not feel they want.

Senator BALL. Have you been doing it, or is that new?

Mr. WARREN. That is a new policy.

Senator BALL. In the past, you actually just named them?

Mr. WARREN. That is right.

Senator BALL. That was done here in Washington, by whom?

Mr. WARREN. By me.

Senator BALL. It has pretty well been concentrated in these 22 people who, in this 9-month period, a great many of them, arbitrated anywhere from ten to thirty or forty cases for a couple of days each and collected from \$1,500 up to well over \$10,000.

Mr. SCHEDLER. I would like to comment on that if I may. Those 22 people represent the group of men whom we regard as professional arbitrators, who devote practically all their time to arbitration. You will find on the panel of 160 odd, many people who are not available, except for certain times only. Perhaps it is on week ends or during the Easter vacation or the summer vacation that they do arbitration work. Other men, because of their work, will take only an occasional arbitration case, like Mr. Will Davis of New York and Dr. George Taylor, who are on our list. These 22 people you speak of are people who devote their entire time to arbitration.

Senator BALL. What interested me was that practically all of them were former Commissioners of Conciliation.

Mr. WARREN. As to that title of Commissioner of Conciliation, we had full-time Commissioners of Conciliation who were doing arbitration work.

Mr. SCHEDLER. Everybody appointed on the W. A. E. basis has that same title. They probably refer to that as the fact they are Commissioners of Conciliation. The only way we can make a W. A. E. appointment is as a Commissioner of Conciliation.

Senator BALL. The policy has been in the past that when they requested you to name the arbitrator, you would appoint a single individual?

Mr. WARREN. That is right.

Senator BALL. Now, you give them a list of from five to seven people?

Mr. WARREN. Three to seven.

Senator BALL. Three to seven.

Mr. WARREN. In some cases, even nine, if they want a larger list.

Senator BALL. You let them choose for themselves. I suppose you pick somebody who is in the particular area who will not have so far to travel.

Mr. WARREN. We give them normally a list of three, five, or seven names of people in that general area. Of course, in the grievance cases, we continue at the present time to appoint a single person.

Senator BALL. About 90 percent of these are grievances?

Mr. WARREN. Ninety percent of the cases handled are grievance cases.

Mr. SCHEDLER. There is one exception to that, Senator Ball. Sometimes the contract itself specifies the appointment of a single individual. We have had cases in which both parties objected to a panel and insisted we give some one individual. That does happen occasionally.

NAMING IN CONTRACT OF IMPARTIAL ARBITRATOR

Senator BALL. Do you have a policy of encouraging the parties when they write a contract to name in the contract the impartial arbitrator of the grievance disputes?

Mr. SCHEDLER. If they will agree, we will encourage them to do that.

Senator BALL. Is that your policy?

Mr. WARREN. Yes, indeed. Where the parties can agree on the procedure and on the individual, we think it is much more preferable to the Government making decisions.

Mr. SCHEDLER. Or to anybody else appointed, if they can agree, we would much prefer they would agree on an impartial chairman.

FURNISHING OF PANELS OF ARBITRATORS

Senator BALL. I think the change in giving them a panel wherever they will agree to it is much better, even if they choose the same people, as all of these people I have biographies on turned out to have been, say, with the Conciliation Service or with the War Labor Board. It does look as if the Conciliation Service was throwing a lot of business to a little inside clique or arbitrators. That charge has been made, as you know. I think it would be a very good thing for the Conciliation Service to lean over backward to see there is no substance to it.

Mr. WARREN. On that particular point, that the people we have appointed have either been with the Conciliation Service or with the War Labor Board, it is extremely difficult to find anyone in the field, who, during the war, was not in one or the other place. Anyone interested in labor relations from the public standpoint was probably doing work for the War Labor Board or the Department of Labor.

IMPORTANCE OF WORK REFORMED

Finally, may I say that there is no dispute over the fact that the work of the Conciliation Service is essential to the country's welfare. We are the only agency in Government, aside from the National Mediation Board which handles railroad and air-line disputes, directly charged with aiding in the peaceful settlement of industrial disputes. There have been many suggestions for strengthening the Service. No one has ever before suggested that the Government should make less effort to avert industrial strife. I do not believe that the country can afford to have our activities crippled just because of administrative criticisms such as these, some of which amount to differences over bookkeeping.

HOUSE ACTION

Certainly these criticisms do not justify the type of action taken by the House. The report of the House Appropriations Committee would wipe out at one stroke the Government's greatest store of experience in this highly specialized field of mediation. Of the 30 top-level employees whose positions the House report would eliminate, there is a total of 346 years of Federal service. 254 years of which were in the Department of Labor. That is an experience which cannot be replaced except by a long and costly period of trial and error.

No agency can operate without direction and supervision.

The action of the House also reduces the number of field conciliators. It is argued that our case load has dropped. Actually, since the Government has laid aside its wartime authority to settle dis-

putes by directive, our only power is the power of persuasion. Disputes are much more difficult to mediate than they were when the National War Labor Board stood behind us determining national patterns which it was ready to enforce should the parties not conform voluntarily. We find that time consumed per dispute has increased materially, and it is essential that conciliators be available promptly when their services are requested. These conciliators must be fully trained, completely up to date on the daily changes occurring in industrial practices.

POLICY OF FREE COLLECTIVE BARGAINING

Our policy of free collective bargaining is the only one we can accept if we are to maintain our free-enterprise system. A strong Conciliation Service is essential to the preservation of that policy.

The action of the House would eliminate every effort we have made to strengthen the Service pursuant to the recommendations of the President's Labor-Management Conference on Industrial Relations. There may be better ways to operate a mediation agency, but so long as the usefulness of that agency depends upon the voluntary acceptance of its services by management and labor, I can see no practical alternative to acceptance of the unanimous opinion of the two groups.

We believe that the Congress will be making a sound investment in appropriating \$2,673,000 for the Conciliation Service.

STATES OPERATING CONCILIATION SERVICES

Senator KNOWLAND. How many States operate a conciliation service?

Mr. WARREN. To varying degrees, there are probably about 20 States that have some kind of service. There are only about five to eight that have any people actually engaged in the work. New York, New Jersey, Michigan, Pennsylvania, Massachusetts, Minnesota, Indiana, North Carolina, Illinois, and Connecticut, I think, are the main States where they have an active conciliation service.

Senator KNOWLAND. Do you maintain a close liaison with them?

Mr. WARREN. Yes, sir. We have announced a definite policy that on local disputes the parties should first endeavor to use the local services. Where the parties, of course, insist on the Federal Government assisting in the settlement of the dispute, we feel we have to make our services available.

Any one major strike, which a strong Conciliation Service might have prevented, would cost the Nation many times the requested appropriation in lost profits, lost wages, and lost Federal and State taxes.

DATA ON HOUSE ACTION AND 1948 ESTIMATES

I would like to file with the committee:

1. A statement of the specific positions and funds eliminated by the House, which I am asking the Senate to restore.

2. A statement which shows the budget set-up for 1947, the proposed budget for 1948, items eliminated by House committee report, and the staff remaining after applying the House committee report.

3. A fact sheet showing the significance of House Appropriations Committee report on operations of the United States Conciliation Service.

(The information referred to is as follows:)

United States Conciliation Service—Positions and funds requested to be restored

01 Personal services

The report of the Committee on Appropriations of the United States House of Representatives provides for the deletion of certain specified positions from the appropriation. It is respectfully requested that these positions, all of which are listed below, be restored to the appropriation "Commissioners of conciliation."

	Positions	Salary
Departmental:		
Grade 15. Range \$9,975 to \$10,000:		
Director.....	1	\$10,000
Special Assistant to Director.....	1	10,000
Chief of branch.....	4	40,000
Grade 14. Range \$8,180 to \$9,377:		
Assistant Chief of branch.....	1	8,180
Grade 13. Range \$7,102 to \$8,060:		
Chief of section.....	2	14,204
Chairman, Trucking Commission.....	1	7,369
Grade 12. Range \$5,905 to \$6,863:		
Assistant Chief of section.....	1	5,905
Training analyst.....	1	5,905
Grade 11. Range \$4,902 to \$5,905:		
Analyst.....	1	4,902
Training analyst.....	1	4,902
Informational analyst.....	1	4,902
Grade 9. Range \$4,150 to \$4,902:		
Correspondence supervisor.....	1	4,150
Informational analyst.....	1	4,150
Grade 4. Range \$2,394 to \$2,845:		
Employees in this classification.....	5	11,970
Grade 3. Range \$2,168 to \$2,620:		
Employees in this classification.....	4	8,672
Total departmental.....	26	145,211
Deduct lapses.....		3,913
Net total departmental (except W. A. E.).....		141,298
Field:		
Grade 15. Range \$9,975 to \$10,000:		
Regional directors.....	7	\$70,000
Grade 14. Range \$8,180 to \$9,377:		
Assistant regional directors.....	7	59,465
Branch supervisors.....	3	24,540
Grade 13. Range \$7,102 to \$8,060:		
Commissioners.....	7	49,714
Technical commissioners.....	3	21,306
Grade 12. Range \$5,905 to \$6,863:		
Commissioners.....	8	47,240
Technical commissioners.....	2	11,810
Grade 11. Range \$4,902 to \$5,905:		
Commissioners.....	6	29,412
Technical commissioners.....	1	4,902
Grade 3. Range \$2,168 to \$2,620:		
Employees in this classification.....	32	69,376
Total field.....	76	387,765
Deduct lapses.....		5,663
Net total field (except W. A. E.).....		382,102

The President's budget request was for a total of \$123,913 for WAE employment, \$25,805 to be spent in Washington and \$98,108 to be spent in the field. The House action reduces this amount by \$75,000, leaving \$48,913. It is respectfully requested that the amount of money not allowed by the House be restored to the appropriation.

Departmental allocations

The following restorations for the United States Conciliation Service in departmental appropriations are requested for the fiscal year 1948:

1. *Contingent expense*.—Restoration is requested of \$600 in the departmental contingent appropriation as follows:

09 Equipment----- \$600

This restoration is requested to provide desks, chairs, and equipment for the new positions requested in fiscal year 1948 in the departmental service.

2. *Travel*.—Restoration is requested of \$71,400 in the departmental travel appropriation to provide travel money for 51 of the positions being requested for restoration at an average of \$1,400 per annum per position, which is the basis for travel estimation for commissioners of conciliation and top members of the departmental staff.

Schedule showing positions and salaries: Budget 1947, proposed 1948, eliminated by House committee report, remaining after applying House committee report

01 PERSONAL SERVICES—DEPARTMENTAL

Positions	Budget 1947		Proposed 1948		Eliminated by House committee report		Remaining after applying House committee report	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
CAF-15. \$9,975 to \$10,000:								
Director-----	1	\$10,000	1	\$10,000	1	\$10,000	0	-----
Associate director-----	1	9,975	1	10,000	0	-----	1	\$10,000
Special assistant to Director-----	1	9,975	1	10,000	1	10,000	0	-----
Chief of branch-----	4	39,900	4	40,000	4	40,000	0	-----
CAF-14. \$8,180 to \$9,377:								
Special Assistant to Director-----	2	16,360						
Regional supervisor-----	2	16,360	2	16,866	0	-----	2	16,866
Assistant Chief of branch-----			1	8,180	1	8,180	0	-----
F-13. \$7,102 to \$8,060:								
Chief of section-----	1	7,249	3	21,306	2	14,204	1	7,102
Assignment and research analyst-----			1	7,102	0	-----	1	7,102
Chairman, Trucking Commission-----	1	7,249	1	7,369	1	7,369	0	-----
Executive Secretary, Labor-Management Advisory Committee-----			1	7,102	0	-----	1	7,102
CAF-12. \$5,905 to \$6,863:								
Assistant Chief of section-----			1	5,905	1	5,905	0	-----
Training analyst-----	1	5,905	1	5,905	1	5,905	0	-----
Information analyst-----	1	5,905	1	6,025	0	-----	1	6,025
CAF-11. \$4,902 to \$5,905:								
Administrative assistant Analyst-----	1	4,902	1	4,902	0	-----	1	4,902
Training analyst-----			1	4,902	1	4,902	0	-----
Information analyst-----			1	4,902	1	4,902	0	-----
CAF-9. \$4,150 to \$4,902:								
Corresponding supervisor-----			1	4,150	1	4,150	0	-----
Information analyst-----			1	4,150	1	4,150	0	-----
CAF-7. \$3,397 to \$4,150-----	4	13,974	3	10,827	0	-----	3	10,827
CAF-6. \$3,021 to \$3,733-----	5	15,125	5	15,625	0	-----	5	15,625
CAF-5. \$2,645 to \$3,397-----	4	11,124	2	5,839	0	-----	2	5,839
CAF-4. \$2,394 to \$2,845-----	8	19,364	13	31,664	5	11,970	8	19,694
CAF-3. \$2,168 to \$2,620-----	6	13,034	10	21,781	4	8,672	6	13,109
Total-----	43	206,254	58	269,404	26	145,211	32	124,193
Lapses-----		11,855		4,606		3,913		693
Total-----		194,399		264,798		141,298		123,500
W. A. E. employment-----		25,856		25,805		15,805		10,000
All personal services, departmental-----		220,255		290,603		157,103		133,500

Schedule showing positions and salaries: Budget, 1947, proposed 1948, eliminated by House committee report, remaining after applying House committee report—Continued

01 PERSONAL SERVICES—FIELD

Positions	Budget 1947		Proposed 1948		Eliminated by House committee report		Remaining after applying House committee report	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
CAF-15. \$9,975 to \$10,000: Regional director.....	7	\$69,825	7	\$70,000	7	\$70,000	0	-----
CAF-14. \$8,180 to \$9,377: Assistant regional director.....	7	58,454	7	59,465	7	59,465	0	-----
Branch supervisor.....	7	57,257	10	82,904	3	24,540	7	\$58,364
CAF-13. \$7,102 to \$8,080: Commissioner.....	82	590,000	77	565,583	7	49,714	70	515,869
Commissioner, technician.....	4	28,408	7	49,716	3	21,306	4	23,410
CAF-12. \$5,905 to \$6,865: Commissioner.....	124	747,603	118	733,470	8	47,240	110	686,230
Commissioner, technician.....	5	29,525	7	41,136	2	11,810	5	29,326
CAF-11. \$4,902 to \$5,905: Commissioner.....	59	294,181	51	265,339	6	29,412	45	235,927
Commissioner, technician.....	4	19,855	4	19,608	1	4,902	3	14,706
CAF-6. \$3,021 to \$3,773.....	7	21,378	7	22,164	0	-----	7	22,164
CAF-5. \$2,645 to \$3,397.....	7	13,663	7	19,317	0	-----	7	19,317
CAF-4. \$2,394 to \$2,845.....	33	83,170	32	85,370	0	-----	32	85,370
CAF-3. \$2,168 to \$2,620.....	60	135,311	58	137,773	32	69,376	26	68,397
Totals.....	406	2,153,630	392	2,151,845	76	387,765	316	1,764,080
Lapses.....	-----	48,977	-----	45,226	-----	5,663	-----	39,563
Net permanent, field.....	-----	2,104,653	-----	2,106,619	-----	382,102	-----	1,724,517
W. A. E. employment, field.....	-----	98,268	-----	98,108	-----	59,195	-----	38,913
All personal services, field.....	-----	2,202,921	-----	2,204,727	-----	441,297	-----	1,763,430

TOTALS

Regular personal services, departmental.....	43	\$194,399	58	\$264,798	26	\$141,298	32	\$123,500
Regular personal services, field.....	406	2,104,653	392	2,106,619	76	382,102	316	1,724,517
Total regular personal services.....	449	2,299,052	450	2,371,417	102	523,400	348	1,848,017
W. A. E. employment, departmental.....	-----	25,856	-----	25,805	-----	15,805	-----	10,000
W. A. E. employment, field.....	-----	98,268	-----	98,108	-----	59,195	-----	38,913
Total W. A. E. employment.....	-----	124,124	-----	123,913	-----	75,000	-----	48,913
All personal service.....	-----	2,423,176	-----	2,495,330	-----	598,400	-----	1,896,930
Other expenses.....	-----	174,800	-----	183,070	-----	-----	-----	183,070
Grand total.....	-----	2,597,976	-----	2,678,400	-----	598,400	-----	2,080,000

Limitation imposed by H. R. 700: (1) Departmental personal services including W. A. E. employment, not to exceed \$133,500; (2) W. A. E. employment, both departmental and field, not to exceed \$50,000.

Fact sheet—Significance of House Appropriations Committee report on operations of U. S. Conciliation Service

Recommendations of President's Labor-Management Conference on Industrial Relations, November 1945	Action by Director Edgar L. Warren in conformity with those recommendations	Effect of House Appropriations Committee Report on Conciliation Service passed House Mar. 25, 1947
<p>I. APPROPRIATION</p> <p>"Congress should immediately make available funds for improving and strengthening the Service."</p>	<p>At the time of the Labor-Management Conference, the annual appropriation for the Service was \$2,496,850 (fiscal year 1946). The appropriation for the current fiscal year (1947) is \$2,582,880. Appropriation requested by the President for the next fiscal year (1948) was \$2,678,000.</p>	<p>Reduces the appropriation for next fiscal year beginning July 1 to \$2,080,000.</p>
<p>II. ORGANIZATION</p> <p>"Reorganization of the U. S. Conciliation Service to the end that it will be established as an effective and completely impartial agency within the Department."</p>	<p>(a) Two new regional offices established; authority for all mediation activity decentralized to seven regional offices.</p> <p>(b) Limited central staff for supervision and development of program.</p> <p>(c) Panel of special conciliators established.</p>	<p>(a) Eliminates all regional directors, also assistant regional directors, 3 branch managers, and most of their clerical staffs.</p> <p>(b) Eliminates positions of Director, Special Assistant to the Director, Chief of Arbitration, Chief of Plans, Analysis, and Training Division, Chief of Technical Division, and Chief of Field Operations. One Assistant Chief of Division also eliminated.</p> <p>(c) Eliminates most of the funds requested for payment of special conciliators on per diem basis when actually employed.</p>
<p>III. SALARY SCALE</p> <p>"Salaries of commissioners and officers should be sufficient to attract persons possessing necessary qualifications."</p>	<p>Salary scale for commissioners, regional, and Washington supervisory officers raised 1 grade.</p>	<p>Eliminates 13 \$9,975 positions reduces by 11 the number of positions at \$8,180, and by 13 the number of positions at \$7,102.</p>
<p>IV. TRAINING</p> <p>"Adequate facilities to assure thorough knowledge on part of commissioners of policies of Service, techniques of conciliation, labor laws and industrial relations practice." "Periodic refresher courses should be conducted."</p>	<p>Training section established with representatives in each of the 7 regions to organize and conduct a continuing training program by means of periodic regional and local conferences and bimonthly refresher courses in Washington.</p>	<p>Training staff reduced from 10 to 1.</p>
<p>V. INFORMATION SERVICES</p> <p>"Informational services to keep commissioners up to date on labor law and industrial relations practice."</p>	<p>Weekly Newsletter, specialized analyses preparatory work on Reference Handbook, and factual data supplied in regional offices.</p>	<p>Eliminated positions responsible for these materials.</p>
<p>VI. SIZE OF STAFF</p> <p>"Number of conciliators adequate to perform conciliation functions adequately and promptly."</p>	<p>Number of conciliators reduced from wartime peak to minimum required for efficient operation. Several retirements because of age.</p>	<p>Eliminates 102 specific positions more than half of which would be commissioners and supervisory staff. Total budget adjustments would require more reductions.</p>
<p>VII. VOLUNTARY ARBITRATION</p> <p>"Arbitration Division be reorganized; full-time arbitrators be transferred, a list of competent impartial per diem arbitrators be prepared and used."</p>	<p>Reorganization of Arbitration Division completed, full-time staff arbitrators discontinued. A national panel of arbitrators cleared for competence and impartiality by Labor Management Advisory Committees established. Free arbitration reduced, and arbitrators' fees regulated.</p>	<p>Eliminates position of Chief of Arbitration. Reduces funds available for arbitration where parties unable to bear costs. Eliminates position of Chairman of Trucking Commission.</p>

Fact sheet—Significance of House Appropriations Committee report on operations of U. S. Conciliation Service—Continued

Recommendations of President's Labor-Management Conference on Industrial Relations, November 1945	Action by Director Edgar L. Warren in conformity with those recommendations	Effect of House Appropriations Committee Report on Conciliation Service passed House Mar. 25, 1947
VIII. TECHNICAL CONCILIATION "The Technical Service Division be reorganized and be manned by a qualified and impartial staff." It secures "advice and counsel of Technical Advisory Committee."	Technical Division reorganized, technical commissioners, assigned to work out of regional offices, supervisory staff enlarged. Regular policy consultations held with Technical Advisory Committee.	Eliminates all positions in Technical Division at Washington, thus making supervision over standards and handling of cases impossible. Eliminates 6 positions as field Technical Commissioners.
IX. ADVISORY COMMITTEE "To obtain the advice, assistance, support, and confidence of management and labor, a representative advisory committee should be appointed."	Established Labor-Management Advisory Committee from nominations submitted by NAM, USCC, AFL, and CIO. This committee has met regularly since January 1946 for consultation on all policy matters which have confronted the Service during its reorganization.	All changes in operating procedure adopted with advice and consent of Advisory Committee are eliminated.

I would like, also, briefly to amplify our remarks made yesterday concerning the number of positions to be affected if the House action is sustained.

NUMBER OF POSITIONS IN 1947 AND NUMBER ASKED FOR 1948

The number of budget positions for the current fiscal year in the Conciliation Service is 449. The number of positions requested for the fiscal year 1948 is 450.

EFFECT OF HOUSE CUT ON NUMBER OF POSITIONS

The reduction of 102 positions in our appropriation by the House means that it will be necessary for the Conciliation Service to be reduced to approximately 347 positions by July 1, 1947.

As of today the actual employment in the Service is 420. If the reduction of 102 positions by the House is sustained, a further reduction of approximately 73 people will be necessary before July 1, 1947, to get back to the 347 positions for the new fiscal year.

APPLICATION OF HOUSE CUT TO DEPARTMENTAL AND FIELD STAFF

Of this 73 it is estimated that 30 would be separated from the departmental staff and 43 from the field staff.

NUMBER OF CONCILIATION COMMISSIONERS ACTUALLY ENGAGED IN CONCILIATION WORK

Senator BALL. Mr. Warren, can you tell us how many commissioners you actually have now of this 420 for engagement in settling disputes who are actually engaged in conciliation work?

Mr. WARREN. We can give you that information.

Mr. RAY. I can look that up for you.

Mr. WARREN. In determining that figure everyone at a grade CAF-9 and above is participating to some extent in the actual conciliation of disputes. Mr. Colvin, Mr. Schedler, and I all participate in actual mediation work. The same thing is true with our regional directors or assistant regional directors. Their primary responsibility is an administrative function, but they do engage in actual mediation.

What are the number of CAF-9's?

Senator BALL. That is including them all, these over CAF-9 in Washington?

Mr. WARREN. I would include everyone over CAF-9.

Mr. RAY. You would like to include all those over 9?

FULL-TIME CHAIRMAN FOR ARBITRATION COMMISSION FOR TRUCKING INDUSTRY QUESTIONED

Senator BALL. I have very grave doubts about the Government providing a full-time chairman for an arbitration commission for the trucking industry. It seems to me that if we do it for that industry, we would be obligated to do it for any industry that came along and wanted it. It would run into terrific sums. It seems to me that kind of a program in industry should be self-supporting, and I cannot see any justification for singling out one industry just because they like the prestige of having a Federal employee in that.

Mr. WARREN. Their interest in that is if the Government could assure industrial peace by having those trucking commissions, it would be at a cheap price, but they have been extremely effective in these cases they have handled during the past year.

Senator BALL. I do not know if it would be so cheap. A lot of these arbitration chairmen in various industries, if you took them all, it would run into pretty substantial expenditures. Does not this chairman of the garment industry in New York get something like \$25,000 a year to run it?

Mr. WARREN. That is right.

Senator BALL. I do not like to get a Government employee now in a position of dictating the terms of a contract.

Mr. WARREN. Yes, sir.

Senator BALL. It is getting a little too close, and they could well afford to take this on. It is just that they like to have a Federal employee as the chairman, which gives prestige.

Mr. WARREN. That is correct.

NUMBER OF COMMISSIONERS IN FIELD OVER THE CAF-9

In answer to your previous question, we have about 275 commissioners of conciliation in the field over the CAF-9 grade.

Senator BALL. Conciliation in the field?

Mr. WARREN. That is right. In addition to that, there are about five or six people in the Washington office who actually participate in the mediation of disputes. That would be myself, Mr. Schedler.

Mr. Colvin, Mr. Haughton, and Mr. Martin O'Connell. Mr. Livingston and Mr. Chalmers also participate.

Senator BALL. That means about two commissioners to every one administrative-clerical employee?

Mr. WARREN. Four hundred and forty-nine total.

RATIO OF COMMISSIONERS OF CONCILIATION TO OTHER PERSONNEL

Senator BALL. There are 280 people actually engaged in conciliation and 160 in administrative and clerical work?

Mr. WARREN. That is correct.

Senator BALL. Under your new budget request you are asking for 450 positions?

Mr. WARREN. That is right.

Senator BALL. Would most of those be administrative or clerical?

Mr. WARREN. Most of those would be about the same proportion as we have now. We have 420 positions and approximately 280 people doing actual mediation work. The same proportion would apply to the additional 30 people.

PERSONNEL IN CONCILIATION SERVICE IN PREVIOUS YEARS

Senator KNOWLAND. In 1939 you had 83 in the Conciliation Service; and in 1940, 107; in 1941, 160; in 1946, 488.

Mr. WARREN. Yes; the Service was built up very rapidly during the war, during the time Dr. Steelman was Director of the Service.

APPROPRIATIONS FOR PRIOR YEARS

Senator KNOWLAND. These appropriation figures are rather interesting, too; 1938, \$273,000; 1939, \$283,480; 1940, \$325,000; 1941, \$383,400; 1942, \$444,300; 1943, \$449,617, plus overtime of \$26,300; 1944, \$444,000, plus overtime of \$58,700; 1945, \$493,000; and as late as 1946, \$445,300, plus the increase in pay in Public Law 349 of an additional \$59,050.

So, that is roughly \$500,000, and it was not until 1947 that you jumped up to \$2,300,000.

NATIONAL DEFENSE APPROPRIATION USED FOR CONCILIATION WORK DURING WAR

Mr. WARREN. Actually, Senator Knowland, that does not include the defense appropriations. During the war a large part of the work of the Conciliation Service was carried on as a defense appropriation budget and was in addition to that. That would indicate that all of the increase came immediately following the war. Actually we have fewer people now than we did at the end of the war. During the war the people were carried on a separate defense appropriation.

Mr. RAY. The total ran as high as \$2,000,000 for some years during the war.

Senator KNOWLAND. Could you supply us with the figures as to what was received in each of those years on defense appropriations?

Mr. WARREN. Yes, sir.

(The information is as follows:)

List of appropriations, U. S. Conciliation Service, fiscal years 1938-47

	1938	1939	1940	1941	1942
Regular.....	\$273, 000	\$283, 480	\$325, 000	\$383, 400	\$444, 300
National defense.....					338, 250
Total.....	273, 000	283, 400	325, 000	383, 400	782, 550

	1943	1944	1945	1946	1947
Regular.....	\$475, 917	\$502, 700	\$493, 000	\$504, 350	\$2, 300, 000
National defense.....	975, 635	1, 670, 300	1, 721, 000	1, 992, 500	
Total.....	1, 451, 552	2, 173, 000	2, 214, 000	2, 496, 850	2, 300, 000

INCREASED APPROPRIATIONS FOR VARIOUS BUREAUS DURING WAR PERIOD
CARRIED IN NATIONAL DEFENSE APPROPRIATIONS

Mr. DODSON. The figures you have in the committee print here for all the bureaus of the Department reflect only what was appropriated as a regular appropriation. The subcommittee that controlled our bill in the House adopted the policy that any increases for any of the bureaus in the Department of Labor during the war period would be made in the form of a national defense appropriation. That is why in several instances in our estimates you will see a tremendous increase occur between the fiscal years 1946 and 1947. That is particularly true in the Bureau of Labor Statistics.

AMOUNT ALLOWED FOR TEMPORARY EMPLOYMENT OF ARBITRATORS AND
MEDIATORS

Senator BALL. I notice the House has allowed only \$50,000 for a temporary employment of arbitrators and mediators.

Mr. WARREN. I am very glad you mentioned that. As a result of the unanimous recommendation of industry and labor people, we have approved a list of 26 special mediators who may be used on particular cases, but who will not be used normally on regular cases.

SPECIAL MEDIATORS CLEARED WITH PARTIES CONCERNED

Senator BALL. Incidentally, when you use those special mediators, do you clear them with the parties before you send them in?

Mr. WARREN. In nearly every instance they would be cleared with the parties.

Senator BALL. What are they paid?

COMPENSATION OF TEMPORARY MEDIATORS

Mr. WARREN. It is just one sole grade, CAF-15, which is about \$38 a day.

Senator BALL. It is twenty-eight, is it not?

Mr. DINNENY. Thirty-eight is correct. \$9,975 a year, and it would be \$38.36 a day.

EFFECT OF HOUSE REDUCTION IN AMOUNT FOR TEMPORARY EMPLOYMENT

Mr. WARREN. The cut in the w. a. e. funds made by the House would materially limit the opportunity we have to appoint those people where they can be extremely successful in getting a settlement, where in some particular situation our regular staff conciliators cannot—

AMOUNT EXPENDED CURRENTLY FOR TEMPORARY MEDIATORS

Senator BALL. How much do you estimate you will spend this year for the employment of that type of mediator?

Mr. WARREN. During the next fiscal year?

Senator BALL. This fiscal year.

Mr. WARREN. During this fiscal year we have used about twelve to fifteen thousand dollars. We have not used them very extensively.

Senator BALL. And you have spent this year, I would gather, about \$20,000, or will, on paying costs of arbitration?

Mr. WARREN. I think probably more than that.

Mr. DINNENY. It would be between forty and forty-five thousand dollars.

Senator BALL. The first 9 months was only \$15,000, according to the figures you gave us in the Labor Committee. There were 98 cases with an average expense of \$158. That was through March 28. You must have had some pretty expensive ones since then.

Mr. WARREN. No; I doubt if they would run any higher since then.

Mr. RAY. I might say, Senator, those estimates came from the case files, and the financial files were separate. We did not have a chance to reconcile the two.

Mr. WARREN. I would like to submit that information—just how much has been spent for arbitration and for W. A. E. employment for special mediators.

(The information is as follows:)

For the period July 1, 1946, through March 28, 1947, the Conciliation Service expended \$15,554.66 for a total of 98 completed arbitration cases in which the Conciliation Service paid the cost, in accordance with the usual practice in such cases.

In addition, \$21,379.48 has been expended in the same period for arbitration cases which have not yet been completed but in which the Conciliation Service will bear the cost. A further amount of \$2,535.66 has also been paid to the public chairmen, heading up the regional labor-management advisory committees, which passed upon the qualifications of the persons included in our panel of arbitrators.

The Service has expended for the same period a total of \$14,426.65 for special mediators; making a grand total of \$53,896.45 expended for W. A. E. employment since July 1, 1946, through March 31, 1947.

FEASIBILITY OF LIMITING THE AMOUNT TO BE PAID A SINGLE MEDIATOR

Senator BALL. I wonder if you would have any objection to a proviso that limited the amount the Government could pay in any one arbitration to \$500. That is what we are proposing in the bill.

Mr. WARREN. I see no objection to that at all.

QUESTION AS TO WHY GOVERNMENT SHOULD PAY COST OF ARBITRATION PROCEEDING

Senator BALL. I can see some point when you have a small union and a small employer, it would mean quite a bit to them; but I can-

not see where you have got several thousand employees involved, where obviously the union and employer both have the funds to pay a thousand or two thousand for an arbitration proceeding, why the Government should take over that burden.

Mr. SCHEDLER. You will notice, Senator Ball, that where the Government has paid that, it has consistently run under \$500.

Senator BALL. I do not know. You have the petroleum workers and the Standard Oil of Indiana, three cases running \$8,800 each.

Mr. SCHEDLER. That is 8,800 people.

Senator BALL. That is right; the cost is very small. They average only \$150, but I cannot see why we should be paying the cost of the arbitration where a union has 8,800 members. They can pay their own freight.

Mr. WARREN. I agree, Senator.

AMOUNT IN BUDGET ESTIMATE FOR SPECIAL MEDIATORS

Senator BALL. I notice your budget estimate was \$125,000 for this purpose. That looks a little high to me.

Mr. WARREN. That is partly high because we would like to be in a position to use special mediators to a greater extent than in the past. That was a new policy adopted recently of using those people. We do not intend to use them regularly, but there are cases where these special mediators are able to go out and bring about a settlement of an extremely difficult situation.

Senator BALL. Do you think you will spend more than \$50,000 on that kind of work?

Mr. WARREN. We might if we got into a large number of serious disputes.

Senator BALL. If the boys start striking after Congress leaves.

Mr. WARREN. I hope that we will not have to spend it.

Senator BALL. Under the present policy on arbitration, you would probably not need over \$25,000 for that.

Mr. WARREN. Offhand, I should think not.

Senator KNOWLAND. Are there any further questions?

Senator McKellar? Senator Thomas? Senator Young?

Thank you, gentlemen.

Mr. WARREN. Thank you very much, Senator Knowland.

QUESTION AS TO WHY GOVERNMENT SHOULD PAY COST OF ARBITRATION ORGANIZATIONS

Senator KNOWLAND. I have some letters which I will put in the record at this point.

The first letter is a letter sent from Mr. Philip Murray, president, Congress of Industrial Organizations, to Chairman Bridges, under date of March 31, 1947.

(The letter is as follows:)

CONGRESS OF INDUSTRIAL ORGANIZATIONS,
Washington 6, D. C., March 31, 1947.

HON. STYLES BRIDGES,

Chairman, Appropriations Committee,

United States Senate, Washington, D. C.

DEAR SENATOR BRIDGES: There is pending in the Senate the appropriations measure for the Department of Labor and the National Labor Relations Board.

The House of Representatives has approved an appropriation which would effectively destroy both of these agencies.

For the Department of Labor, the Bureau of Labor Statistics, as one example, would become, for all practical purposes, extinct.

The National Labor Relations Board, even under last year's appropriation unable to discharge its obligations, would with the contemplated further reduction be reduced to complete and utter impotence.

In addition, the House of Representatives, by eliminating the appropriation for the administrative office of the Conciliation Service on the basis of the flimsy claim of alleged disloyal activities of Mr. Edgar Warren has abandoned all pretense of democratic procedure.

It is well-known, as stated by the Labor-Management Advisory Committee attached to the Labor Department, that Mr. Warren has performed extraordinary service in the administration of the Conciliation Service for the improvement of industrial relations.

The sole criterion which appears to be common to the severe slashes in the appropriation for the Labor Department and the National Labor Relations Board is the deliberate and determined effort to emasculate those agencies which seek to protect the interests of labor.

Such action will be bitterly opposed by organized labor.

I am therefore calling upon you on behalf of the Congress of Industrial Organizations and earnestly requesting that the Senate of the United States restore to the Department of Labor and the National Labor Relations Board the full appropriations sought by these agencies.

Sincerely yours,

PHILIP MURRAY, *President.*

LETTER FROM B. L. FLANAGAN, EXECUTIVE DIRECTOR, DEPARTMENT OF EMPLOYMENT SECURITY, INDUSTRIAL COMMISSION OF UTAH

UNITED STATES EMPLOYMENT SERVICE

Senator KNOWLAND. The second letter is a letter from B. L. Flanagan, executive director, department of employment security, the Industrial Commission of Utah, to Senator Thomas, under date of April 4, 1947.

(The letter is as follows:)

THE INDUSTRIAL COMMISSION OF UTAH,
DEPARTMENT OF EMPLOYMENT SECURITY,
Salt Lake City 13, Utah, April 4, 1947.

HON. ELBERT D. THOMAS,

United States Senator, Senate Office Building, Washington, D. C.

DEAR SENATOR THOMAS: I have in my hand a communication signed by J. R. McCusker of Denver, Colo., formerly, regional director of the War Manpower Commission. Mr. McCusker left his position with the War Manpower Commission something over 2 years ago and went back into private industry. Mr. McCusker has taken occasion to write to several—probably all of the former members of labor-management committees in this region—urging these persons to contact their Congressmen and in turn urge the Congressmen to restore a portion of the USES national budget which the House of Representatives severely trimmed recently. Mr. McCusker portrays the necessity for maintaining regional offices and stresses the value of the regional office in the process of transferring workers from one State to another. He refers to discarding of standards and safeguards to make the Employment Service "a useful public service." He further says, "The House Appropriation cut and consequential elimination of the regional office will mean the end of the worker-clearance system in the USES."

As executive director of the employment security program in Utah, I take serious objection to Mr. McCusker's suggestions. State employment security agencies are entirely capable of handling their affairs without the parental domination of the USES regional offices. As far as the clearance of workers from one State to another, State employment security agencies had worked out a very successful clearance program before the war and Mr. McCusker's statement that

this part of the program will be lost, is entirely out of accord with the facts. Further, this interstate clearance of labor has been some "window dressing" which the USES has persistently dragged forth to justify its existence as a Federal agency.

I wish to confirm statements which I made to you personally during my recent trip to Washington in which I stated that I believed the action of the House of Representatives in drastically trimming the USES budget was entirely in accordance with proper and efficient operation of the employment security program.

Sincerely yours,

B. L. FLANAGAN,
Executive Director.

BUREAU OF LABOR STATISTICS

Senator KNOWLAND. The third letter is another letter from B. L. Flanagan, executive director, department of employment security, the Industrial Commission of Utah, to Senator Thomas, under date of April 4, 1947.

(The letter is as follows:)

THE INDUSTRIAL COMMISSION OF UTAH,
DEPARTMENT OF EMPLOYMENT SECURITY,
Salt Lake City 13, Utah, April 4, 1947.

HON. ELBERT D. THOMAS,
*United States Senator,
Senate Office Building, Washington, D. C.*

DEAR SENATOR THOMAS: The House of Representatives recently took legislative action to seriously curtail the work of the Bureau of Labor Statistics. As executive director for the Utah Department of Employment Security I have had considerable contact with the employment-statistics program of the Bureau of Labor Statistics; in fact, Utah is one of the States which has entered a cooperative agreement with BLS in regard to employment statistics. As a State director I would like to say that I believe the employment-statistics program as being spearheaded by the Bureau of Labor Statistics is worthy of a great deal of consideration. The policy followed by the Bureau of Labor Statistics in this regard is to enter into cooperative agreements with State employment security agencies whenever State employment security agencies desire to make such cooperative agreements.

I will appreciate any consideration which you may give this suggestion that the Bureau of Labor Statistics be permitted to continue its program of the development of the employment statistics series on a cooperative basis with the respective States. I would like to state further that I have been very closely associated with other State agencies engaged in this cooperative agreement with the Bureau of Labor Statistics and, by and large, I have found that employment security administrators in those States have indicated to me that they consider the employment-statistics program very valuable to them on a State level as well as on a national level. I do not attempt to speak for any of those administrators, however, but I wish to emphasize that as director for the employment-security program in Utah, I do urge kindly consideration of the appeal being made to increase BLS funds; particularly, as far as employment-statistics program is concerned.

Sincerely,

B. L. FLANAGAN,
Executive Director.

LETTER FROM ANNA I. SANDBO

WOMEN'S BUREAU

Senator KNOWLAND. The fourth letter is a letter from Anna I. Sandbo, attorney at law, Austin, Tex., to Senator Connally, under date of March 12, 1947.

(The letter is as follows:)

ANNA I. SANDBO,
Austin, Tex., March 12, 1947.

HON. TOM CONNALLY,

*United States Senator from Texas,
Washington, D. C.*

DEAR MR. CONNALLY: We are being told down here in Texas, that you people in Washington and Congress are planning to abolish the Women's Bureau, of the United States Department of Labor. We are a little worried about the matter. This Bureau has been of great service to all workingwomen and has done wonderful work in looking after the interests of women generally, and especially workingwomen, and as you already know, there are lots of them. It has been pointed out and is absolutely true that the main aim of the Bureau is to look after the best interests of the women who work for their livelihood, in order to promote their general welfare, increase their efficiency and advance their employment opportunities.

When Miss Mary Anderson was at the head of this Bureau, she visited in Austin, as the guest of the Austin Altrusa Club. We were convinced after hearing her that this Bureau was of inestimable value not only to all women but to the country as a whole, as women comprise a large part of the population, as you also already know. And now we read in the papers that it is to be abolished.

As we have no way of learning just what our representatives in Washington are planning to do in the matter, I am writing you this letter for the Austin Altrusa Club, consisting of a bunch of active, aggressive, and successful businesswomen, interested in the welfare of women everywhere. It is possible that the Bureau is not to be abolished, but simply moved to some other department. Since we have no way of getting the facts here, we thought it advisable to find out what they are from someone who would be in position to know. It would be a crime to abolish that Bureau, considering what it has already done for the workingwomen of this country, and what it will continue to do, if let along, I am sure. This is one agency in Washington that the women of this country need. Kindly let us know what you find out about the situation, if anything. Thanks a lot.

With best personal wishes, I beg to remain,

Sincerely yours,

ANNA I. SANDBO.

LETTERS FROM FRANK C. OLTORF AND MARJORIE ROGERS

WOMEN'S BUREAU

Senator KNOWLAND. The fifth letter is a letter from Representative Frank C. Oltorf, of Texas, to Senator Connally, under date of March 17, 1947, to which is attached a letter from Marjorie Rogers, attorney at law, Marlin, Tex., to Representative Oltorf, under date of March 4, 1947.

(The letters are as follows:)

STATE OF TEXAS, HOUSE OF REPRESENTATIVES,
Austin, Tex., March 17, 1947.

Senator TOM CONNALLY,

Senate Office Building, Washington, D. C.

DEAR MR. CONNALLY: Mrs. Henry Church of Marlin, formerly Miss Marjorie Rogers, has contacted me regarding the efforts of the Republicans to destroy the Women's Bureau in the Labor Department. Several other women have also spoken to me in regard to this matter, and all agree that the Women's Bureau should be retained. I shall appreciate any help you may give in this matter.

I wish I could have seen you while you were in Waco, but I was in bed with the flu. I am having a very interesting time in the legislature and like it better each day. Your picture remains a great source of inspiration.

With every good wish and deepest personal regards, I am

Sincerely,

FRANK C. OLTORF.

Enclosure.

MARLIN, TEX., March 4, 1947.

HON. FRANK OLTORF,
Representative, Falls County, Austin, Tex.

DEAR POSH: I have an S O S from Mary Anderson, head of Women's Bureau, Labor Department, Washington, D. C. As you no doubt have read, they have been thinking of doing away with this Bureau or slashing the finances to such an extent that it will have to fold up in the interest of National Budget. This Bureau is very important to the women of the United States. I have had occasion to read and use the bulletins put out by that office. In fact I toured part of the State with Sarah Buchanan in the interest of Legal Status of Women, a pamphlet gotten up by her. She got this up for each of the States. That is how I made my contact with Mary Anderson. As legislation chairman for fourth district of T. F. W. Clubs, representing many thousands of women in the State, I am asking that you write Senator Connally and possibly get the Governor to write some important person in Washington, such as Congressman Albert Thomas and George Mahon, both of whom are Texas members of the House Appropriations Committee, asking them to give their full support to the appropriation for Women's Bureau. Do this now at once before it is too late. Send me a copy of your efforts. Pardon mistakes as this is in haste. Sorry I was ill and did not get to talk to you Sunday as I wanted to tell you all about this thing. All of our women are interested.

I am enclosing a sample of what they put out that interests our club women. We study many that are put out by this Department.

Best wishes,

MARJORIE ROGERS.

LETTER FROM ALFRED M'KNIGHT

UNITED STATES CONCILIATION SERVICE

Senator KNOWLAND. The last letter is a letter from Alfred McKnight, of Cantey, Hanger, McMahon, McKnight & Johnson, Fort Worth, Tex., to Senator Connally, under date of March 27, 1947.

(The letter is as follows:)

CANTEY, HANGER, MCMAHON, MCKNIGHT & JOHNSON,
Fort Worth, Tex., March 27, 1947.

HON. TOM CONNALLY,
United States Senate, Washington, D. C.

DEAR SENATOR CONNALLY: It has been brought to my attention that there are one or more bills pending in Congress seeking to abolish or seriously cripple the United States Conciliation Service.

One of the bills, which I understand originated in the House, seeks to abolish the appropriations for the directing heads of the service.

My firm has represented several clients over a period of years in labor controversies in which it has been necessary to call upon the United States Conciliation Service. One client in particular, Fort Worth Stockyards, has negotiations annually with the union in which it is necessary each year to call upon the Conciliation Service. Mr. T. F. Morrow, directing head of the Dallas office, has usually been assigned to these negotiations. He has always been entirely fair and impartial and has rendered most valuable service. In fact, a controversy extending since last summer was recently settled. Mr. Morrow's efforts to conciliate the differences between the company and the union played a substantial part in settling the controversy and obviating a strike which would have crippled the meat industry in this section.

I have participated in the negotiations every year for the last 8 or 9 years and am thoroughly acquainted with the nature of the work performed by the Conciliation Service. I am quite sure a strike has been averted on one or more occasions, primarily by the efforts of the United States conciliator. The instances to which I have referred are typical of many other instances in this locality. I feel that both labor and industry will lose a valuable medium of adjusting their controversies if the Conciliation Service is done away with.

I am writing you this letter so that you may know the attitude of both management and labor in this locality. I feel it would be a grave mistake if the United States Conciliation Service was either abolished or crippled.

With kindest personal regards, I am,
Sincerely yours,

ALFRED MCKNIGHT.

Senator KNOWLAND. We have some outside witnesses at this time. The first is Mr. Forrest H. Shuford, commissioner of labor, North Carolina. I would respectfully request the witnesses, if they have a statement, that perhaps the statements might be put into the record and they might make a brief summary of it. We would like to operate under a 10-minute rule here on witnesses outside the Department. In that way, the testimony would be available to the committee in the record, and the witnesses could summarize it.

Senator THOMAS. Mr. Chairman, I approve of that rule unless there are persons in opposition to the act. I do not think they should be restricted to 10 minutes.

Senator KNOWLAND. Whatever the committee has in mind is perfectly agreeable to the chairman. Are you appearing in favor or opposition?

DIVISION OF LABOR STANDARDS

STATEMENT OF FORREST H. SHUFORD, COMMISSIONER OF LABOR AND PRESIDENT OF THE INTERNATIONAL ASSOCIATION OF GOV- ERNMENTAL LABOR OFFICIALS, OF RALEIGH, N. C.

Mr. SHUFORD. Mr. Chairman, I am appearing in the capacity not only of commissioner of labor for the State of North Carolina, but as president of the International Association of Governmental Labor Officials, which is an organization of State labor commissioners throughout the United States.

Being president of that association, I have been requested by the association to appear primarily and principally in behalf of an appropriation for the Division of Labor Standards of the Department of Labor, which we feel is highly important to the work of State labor departments throughout the Nation.

Senator THOMAS. Then you are in favor of the items in the bill and probably will ask for reinstatement of some of the items thereunder?

Mr. SHUFORD. I am asking for reinstatement for the appropriation for the Division of Labor Standards, which was eliminated by the House. I have a prepared statement. It would take about 15 minutes to read it, perhaps, and outside of that I do not have anything further to say, unless some questions should arise.

I would like to make the statement that I had hoped that there might be an opportunity for this committee to hear a committee of this association on State-Federal cooperation, and that committee is composed of the commissioners of labor: Mr. Rabitz, of Wisconsin; Mrs. Kennedy, of Kansas; Mr. Harness, of Iowa; Mr. Sattler, of West Virginia; Mr. Ennis, of Connecticut; Mr. Patrick, of New York State; Mr. Gamble, of South Carolina; and Mr. Anderson, of the State of Washington. Those are the members of this committee, and we are having a meeting here next week, a regular committee meeting; but I am speaking in behalf, not only of that committee, but of the entire asso-

ciation, which is composed of the greater number of the labor commissioners of the States.

Senator KNOWLAND. I would suggest, Mr. Shuford, you proceed with your statement. We are up against a proposition, as you can well appreciate, that in addition to handling the Department of Labor, we also handle the item of the Federal Security, which will probably take the committee well into at least another full week of testimony.

Unless we have some limitation, we will be up against the problem of marking up the bill and getting action on it within a reasonably short time.

But you may proceed as rapidly as you can.

Mr. SHUFORD. Do you want me to restrict my time to 10 minutes?

Senator KNOWLAND. See how you come along, and perhaps with the unanimous consent of the committee, if you are nearly finished, we can extend that a brief period of time.

Mr. SHUFORD. Thank you very much, gentlemen.

As president of the International Association of Governmental Labor Officials, an organization which has been functioning for the past 60 years, I wish to present to you the viewpoint of the association concerning the need for adequate appropriations for the Department of Labor.

REASON FOR CREATION OF DIVISION OF LABOR STANDARDS

As an association of State labor commissioners, we are greatly concerned over the House action in abolishing the Division of Labor Standards. This Division was created at the request of the State labor commissioners so that we might have machinery within the Federal Government to strengthen our hands in dealing with the difficult problems of labor law administration that face us. We wanted a friend at court, someone familiar with the strengths and weaknesses of the State labor departments, sympathetic with their programs and understanding of their needs—an agency that would be genuinely interested in strengthening State labor departments instead of whittling away their functions. We have had that kind of agency in the Division of Labor Standards. It has served us well. The staff has been largely recruited from persons who have served their apprenticeship in one or another State labor department.

ASSISTANCE RENDERED BY DIVISION

Time and again, without the Division's assistance, we as State representatives would have found ourselves in a position where we could not move. When the war broke out, for example, one of the first thoughts of the Army and Navy was to lay aside the State labor laws affecting hours of work. The Secretaries of War and Navy sent telegrams to various governors requesting immediate action to permit wholesale lengthening of hours of work for women and children. No one governor would have been able to determine whether increased production would have resulted from such a move. We appealed to the United States Labor Department for assistance. At conferences arranged by the Division of Labor Standards, officials of the Army, the Navy, and the Maritime Commission conferred with

a group of labor commissioners from important industrial States. As a result of these conferences, and with the assistance of the Division of Labor Standards, reasonably uniform and satisfactory standards were worked out for the temporary relaxation of State labor laws during the war period. The production of war materials achieved during the years which followed was of such magnitude that it appears evident that such a solution was the logical one. The labor laws were saved and now are again operative.

The conferences which the Division has arranged for discussion of current problems and the larger national conferences that have been held each year have done a great deal to stimulate more harmonious relations between the States and to better administrative practices.

NEED FOR CONTINUED ASSISTANCE

We need the continuing watchfulness and service of the Division in postwar years ahead. We believe we have a right to ask this sort of assistance from the Federal Government. Our departments receive no Federal financial aid of any kind. Yet, we probably have one of the toughest assignments in all of State government. We are not asking for Federal funds. But we do ask for a minimum of assistance such as we have received from the Division in improving our safety and health programs and our labor-law administration.

INDUSTRIAL ACCIDENTS

I am sure other witnesses have told you of the terrific cost of industrial accidents. We in the States have responsibility for reducing this toll. We want to do a good job. But most of us have neither enough funds nor trained personnel to carry the load unaided. And we know full well that if we fail to bring the accident rates down, irresistible pressure will develop for the Federal Government to take over the job. We have a good illustration of that in the present move for stricter Federal regulation in the coal mining industry. The Centralia explosion may well mean that the Federal Government will take over controls which have heretofore rested with the States. We do not believe it desirable for this to happen in industrial safety generally. If the States can continue to receive assistance from the Division of Labor Standards in training factory inspectors, in preparing safety codes, and in planning and developing State safety programs, we believe that Federal intervention in this field will not become necessary.

WORK OF STATES IN INDUSTRIAL SAFETY FIELD

Some States have done a good job in the industrial safety field; others have done practically nothing. An example was set for us by the accident prevention activities of the Federal Government during wartime, spearheaded by the Division of Labor Standards through its National Committee for the Conservation of Manpower in War Industries. Through education, training, and cooperation splendid results were achieved. In some industries the accident frequency rates were cut in half. With the end of hostilities the Federal services

were withdrawn and responsibility for accident prevention again fell upon the State labor departments alone. What has been the result? The accident rate, which went down 8 percent in the midst of war, immediately began going up in time of peace. In 1946 there were 2 percent more industrial accidents than there were in 1945. It is not difficult to account for this rise. It stems from the inability of most State labor departments, as presently equipped, to deal adequately with the problem.

Let me illustrate: Last year I mailed a questionnaire to each of the 48 States in order to secure a picture of existing conditions. Some 34 labor commissioners responded. All of them have laws on their statute books making it the responsibility of the employer to furnish a safe and healthful place to work. Most of them have rule-making power and have adopted codes of one kind or another establishing safe practices. When it came to implementing this authority, however, what did I find? The number of factory inspectors employed varied from 155 in 1 State to none at all in 3 States. The average was 19. A statutory salary of \$150 a month was paid in a number of States. The average starting salary was \$185; and the average for experienced inspectors, \$235 per month. From the information I gathered it was clear that most States are inadequately staffed, pay low salaries, and offer little inducement for career services in factory inspection. The only way we can remedy this situation is through adequate appropriations, and these in turn are dependent upon our building up the necessary prestige by giving a needed technical service to labor and management. A few of us are now getting that help from the Division of Labor Standards. The assistance of the Division is and has been invaluable to us in the technical training of inspectors, the development of higher safety standards, and in the achievement of greater administrative efficiency.

ADVISORY AND TECHNICAL SERVICES

Mr. SHUFORD. The advisory and technical services of the Division have been of much practical value to the North Carolina Department of Labor during the past 12 years. Following its reorganization in 1933, our Department has undergone a gradual expansion in keeping with the growing needs of labor and industry. In 1935 we had only five inspectors, employed at annual salaries of about \$1,200 a year. Our appropriation for the coming fiscal year provides for a total of 23 inspectors at annual salaries beginning at nearly \$3,000 and with top pay brackets of about \$4,000.

Each of our inspectors is recognized by both labor and management as a competent safety technician in the area in which he is employed. Much of this development and improvement is the direct result of the technical assistance which we have received from the Division of Labor Standards in the training of inspectors, development of codes, and through the informational and educational services which it has made available.

Many other States could point to a similar development of their programs in like manner. Most of them would give to the Division of Labor Standards the same credit as we do in this development. I am of the opinion that services of this character are of such long-term

value that they should be made available to all of the States, so that every State labor department can build up an accident-prevention program suitable to the needs of the State.

I give the program therefore, North Carolina; and I will omit that.

We could not possibly plan and develop this program without the assistance of technicians from the Division of Labor Standards. They have given us assistance from the very start in planning this program and in the development of the technical materials which are needed by our industrial plants.

HOUSE ACTION

We have gone over the House committee's report with care. Based upon our experience, we can see no economy which will result from the elimination of the services of the Division of Labor Standards. It is hard for us to understand why an appropriations committee should eliminate this small accident-prevention service and at the same time grant \$18,000,000 of Federal funds to rehabilitate workers after they are injured. Yet that appropriation is carried in the same report in which the Division of Labor Standards is abolished. Similarly, we cannot see why the U. S. Public Health Service should be granted millions for building up State health departments—particularly in the field of industrial hygiene—when we in the State labor departments are denied all assistance. Industrial hygiene to control occupational disease is important. But occupational disease accounts for only 2 to 4 percent of the total industrial injuries.

If State labor departments were given assistance on the same basis as State health departments, you gentlemen would be appropriating millions to the United States Department of Labor instead of listening to our pleas for \$136,000 for the Safety and Health Branch of the Division of Labor Standards. We cannot understand why the House feels that any assistance to us in cutting down the accident toll is a "gratuity," while assistance to other branches of State government is so generously given as a right.

USE OF WAGE-AND-HOUR INSPECTORS IN SAFETY AND HEALTH WORK

We were amazed to read the House committee's proposal that wage and-hour inspectors be trained to check plant compliance with State safety and health regulations and report violations to us—this in lieu of the service of the Division of Labor Standards which they eliminated. Anyone who knows safety-inspection work knows full well that wage-and-hour inspectors are not equipped by aptitude, training, or experience to do safety inspection.

At one time we tried combining the two types of inspection in North Carolina but found that it was an unworkable plan. It takes a person with one kind of aptitude and training to check mechanical hazards and quite another type of aptitude and training to inspect pay rolls for violations. While the House committee probably meant well in suggesting this service to us, we would not welcome it. In fact, we would oppose it vigorously.

EFFORTS TO AVOID DUPLICATION IN INSPECTIONS

While progress has been made in developing cooperation between the Federal Department of Labor and the States through the good offices of the Division of Labor Standards, much remains to be done. Only two States—Minnesota and North Carolina—have reimbursable agreements whereby the State pay-roll inspectors check for compliance with both State and Federal laws on wages, hours, and child labor. We believe that these agreements have done a great deal to avoid duplicate inspections and have resulted in real economy as well as efficiency. We believe that this type of agreement should be extended.

STATE AGREEMENTS FOR MAKING OF SAFETY AND HEALTH INSPECTIONS

Twenty States now have agreements with the Federal Department of Labor for the making of safety and health inspections under the Public Contracts Act. The expense of making these inspections has been carried by the States. We believe that other States would be willing to enter into such agreements and should be encouraged to do so.

We would like to see a greater coordination of effort between the State and Federal Governments on such questions as regulation of industrial home work, certification of learners, collection of statistics, and other problems where there now is dual responsibility.

We believe that a much greater measure of agreement and coordination should be developed between the States and the Conciliation Service in the handling of disputes. We look to the Division of Labor Standards as the departmental agency to develop and advise us on such agreements.

TRANSFER OF CHILD LABOR FUNCTIONS TO WAGE AND HOUR DIVISION

The House action in throwing the child-labor functions which the Division of Labor Standards inherited from the Children's Bureau to the Wage and Hour Division and eliminating most of the funds allotted for the purpose will mean that we as State administrators can no longer secure the advice and guidance which we have used so effectively to build up our child-labor laws and school-attendance standards. We urge that this function be retained in the Division of Labor Standards, where it was placed by the Secretary of Labor and that its budget allocation be restored.

We are speaking here today in behalf of the Division of Labor Standards as the agency in the Federal Department of Labor with which we have the closest contact, and we sincerely urge the restoration of both its funds and its functions. But we are concerned about the serious cuts which have been made in the work of all branches of the Department of Labor.

BUREAU OF LABOR STATISTICS

We are particularly interested in what happens to the Bureau of Labor Statistics.

It seems to me that the \$1,000,000 cut made in the appropriation of the Bureau of Labor Statistics on the floor of the House, together with the cuts previously recommended by the House Appropriations Committee, will make it impossible for the Bureau to render the essential services in the field of factual information which are demanded by labor and management.

BENEFITS RECEIVED

Senator THOMAS. At this point, I wish you would place in the record just what benefits your Bureau gets from the Bureau of Labor Statistics.

Mr. SHUFORD. May I read a little further, and I think that will explain it?

Senator THOMAS. All right.

Mr. SHUFORD. Last week I made a hasty survey of a few of the major industrial plants in North Carolina. Without exception, I was told that statistical data in the field of employment, hours, and earnings, in occupational wages, and in the consumer's price index, was of great value to them. The value of this data is greatly impaired unless it can be maintained upon a current, month-to-month basis. I trust that an appropriation adequate to insure the continuation of this service will be provided.

In North Carolina, for example, we had very little statistical data on matters relating to labor; and through the good offices of the Bureau of Labor Statistics giving us assistance, we have developed within the State, and with their assistance, a statistical division in our department which gathers information on wages and hours and cost of living in coordination with them—not separately and apart, but together—which is used in the settling of labor disputes which arise in the State. It is also used in collective-bargaining negotiations by unions and management when there are no disputes in which we are called in and by the matter of general information which is requested of us daily by management or labor, about as much from one as from the other.

Our industrialists and our workers think it is of inestimable value.

I do not know whether that answers your question, Senator Thomas.

WEEKLY INDEX NUMBER

Senator THOMAS. The index number which is announced each week of the year is a number which is a yardstick which measures, you might say, the status of our domestic economy. Of course, money measures prices; and under the reverse, prices measure the value of a dollar; and if we did not have this particular feature, I do not know what yardstick we could use.

Mr. SHUFORD. I do not think we would have any, Senator.

Senator THOMAS. To me it is one of the most important items of government, the index number from week to week announced by

this Bureau. It tells each week how the value of the dollar is going, up or down.

At the present time, the index number, I think, is about one hundred and forty-some-odd or maybe 149.

As I said yesterday, it is below what it was in the highest price era of the First World War. The highest prices we had then were in May 1920. The prices we have today are not as high as they were in May 1920.

If we did not have any particular index number we would have nothing, excepting for private index numbers, as yardsticks to measure the trend of whether prices are going up or down.

There are a number of index compilations; the Associated Press has an index number based on 35 commodities. Then I think the fertilizer industry has an index number based on just a few items; but this index number is based on 900 items, which takes into consideration everything the people use as a rule to any considerable extent; and by keeping this in an efficient manner in working order, we can always tell the trend of prices, and that is the only thing we have by which we can measure the value of our monetary units.

This is one thing I hope we will protect to the best of our ability.

Mr. SHUFORD. I thoroughly agree that it is essential to both the labor and management, and it certainly is to our employers and to our labor groups with whom I come in contact with mostly.

NEED FOR ADDITIONAL FUNDS

The Federal Department of Labor, in our opinion, has never had sufficient funds with which to operate. This Department has always had much smaller appropriations than many other Federal agencies which are devoted to the interests of other segments of our population. This is difficult to understand, when we realize that labor departments render invaluable services to both industrial management and industrial workers in the many areas in which lie its responsibilities.

In my judgment, the interests of workers and of management are so interrelated that they cannot be segregated. Any action which is crippling to either labor or management will affect the other adversely and will seriously affect our entire national economy. We hope that this Congress will not make drastic cuts in all labor department appropriations.

Gentlemen of the committee, I have a sheaf of letters from different States which asked me to appear for them. The one on top is for the deputy commissioner of labor, the State of North Dakota, and reads:

DEAR MR. SHUFORD: It is our desire that you represent the association at a hearing before the Senate subcommittee in order to present our views about the need for continuation of the functions of the Division of Labor Standards in the United States Department of Labor.

That is about the general tenor of those, authorizing me to appear for every association.

Senator KNOWLAND. Any further questions, gentlemen?

Senator BALL. I have no questions.

Senator KNOWLAND. Thank you, very much, sir.

Mr. SHUFORD. Thank you.

Senator KNOWLAND. We will now hear from Mr. L. E. Keller representing the Brotherhood of Railway Maintenance Employees.

BUREAU OF LABOR STATISTICS

STATEMENT OF L. E. KELLER SUBMITTED IN BEHALF OF THE 20 RAILWAY LABOR UNIONS COMPRISING THE RAILWAY LABOR EXECUTIVES' ASSOCIATION, DETROIT, MICH.

Senator KNOWLAND. You may proceed, sir.

Mr. KELLER. My name is L. E. Keller and my address is 61 Putnam Avenue, Detroit, Mich.

I appear before your committee as spokesman for the 20 railway labor unions comprising the Railway Labor Executives' Association; that is all of the standard railway unions there are except two which are not in our association.

We have a little more than 1,000,000 railway employees in the association.

In the interests of brevity I will file the six-page double spaced statement that I have and then with your indulgence I would like to make some comments as to the principal points therein, if I do not wear out my welcome.

Senator KNOWLAND. Your statement will be made a part of the record.

(The statement is as follows:)

STATEMENT OF L. E. KELLER SUBMITTED IN BEHALF OF THE 20 RAILWAY LABOR UNIONS COMPRISING THE RAILWAY LABOR EXECUTIVES' ASSOCIATION

My name is L. E. Keller. My address is 61 Putnam Avenue, Detroit, Mich. I appear before your committee as spokesman for the following 20 organizations which comprise the Railway Labor Executives' Association:

- American Train Dispatchers Association.
- Brotherhood of Railroad Signalmen of America.
- Hotel and Restaurant Association.
- Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees.
- National Marine Engineers' Beneficial Association.
- The Order of Railroad Telegraphers.
- International Brotherhood of Boilermakers, Iron Ship Builders and Helpers of America.
- International Longshoremen's Association.
- Sheet Metal Workers' International Association.
- Brotherhood of Railway Carmen of America.
- International Association of Machinists.
- Switchmen's Union of North America.
- International Brotherhood of Electrical Workers of America.
- Order of Railway Conductors of America.
- National Organization Masters, Mates, and Pilots of America.
- International Brotherhood of Blacksmiths, Drop Forgers, and Helpers.
- Brotherhood of Locomotive Firemen and Enginemen.
- Railroad Yardmasters of America.
- International Brotherhood of Firemen and Oilers.
- Brotherhood of Maintenance of Way Employees.

These railway labor unions have followed the policy of handling their wage cases and other requests involving working conditions, on the basis of economic facts rather than by the exercise of economic force. Fact finding is nothing new to us in that we have followed that procedure for years as a result of the emergency clause of the Railway Labor Act.

As a result of this established procedure in the railroad industry we have a special interest in the action that the Senate and House may take with respect to appropriations for the Bureau of Labor Statistics. Since so many Members of Congress have been so vigorous in their demands that labor disputes be settled

on the basis of fact finding, we respectfully submit that this is a most inopportune time to destroy or seriously impair the fact-finding facilities of the one governmental agency to which the labor unions turn most frequently for their facts—namely, the United States Bureau of Labor Statistics.

When the railway labor unions and railway managements find themselves unable to agree on wages, we then have a dispute involving about 1,400,000 workers in an industry that comprises the very backbone of the Nation's transportation system. When differences of opinion arise between employers and employees in an industry of this magnitude, we need all the help that we can get from such agencies as the Bureau of Labor Statistics. Congress will therefore be serving the best interests of the country as a whole, and not merely those of the railway labor unions, if it deals with the Bureau's appropriation in such a way as to avoid any serious impairment of this service.

Just what is it that the railway labor unions need from the Bureau of Labor Statistics and in what way are we concerned with the appropriations made for that Bureau?

1. In all major railroad wage disputes, detailed consideration is given by the disputing parties, and by the President's emergency boards and arbitration boards, to the wage rates existing in other industries and to the relationship as between railroad wages and those in other industries. Neither the railway managements nor the railway unions have the facilities for currently collecting and compiling this type of material on a Nation-wide basis.

2. In all the major wage disputes in recent years the trend of wages on the railroads as compared with the trend in outside industry has had an important part in the case and has appeared to influence emergency and arbitration boards in a substantial measure. Here again we must rely upon the Bureau of Labor Statistics because neither management nor employees have the facilities for collecting this information.

3. In the railroad industry we have a wide variety of jobs ranging from unskilled and semiskilled workers to highly skilled craftsmen and supervisory forces. The foremen in the railroad industry have been members of our labor unions for many years. My own union, the Brotherhood of Maintenance of Way Employees, was first started as a section foremen's union 60 years ago, or in 1887. Since most of our wage disputes go to emergency boards or arbitration boards before being settled, and since there is such a wide variety of jobs in the railroad industry involving such a wide variety of skill and responsibility, it is important that the Bureau of Labor Statistics be given sufficient money to gather wage data that would afford appropriate comparisons.

4. Railway labor has never been willing to accept the "cost of living" as a controlling factor in fixing wages. We think that such a policy is contrary to social and economic progress. However, both railway management and railway labor have frequently made use of the Bureau's Consumers' Price Index for the purpose of determining what has happened to prices since the last wage scales were established and for the purpose of keeping check from month to month on what is happening to prices. If these figures are to be of real value they ought to be on a monthly basis. When they assume the status of ancient history they lose much of their value. They should not be cut down to quarterly reports and they should be enlarged to include a greater number and wider variety of towns and cities.

5. In our wage conferences we also deal with the factor of "labor productivity." The Interstate Commerce Commission figures afford adequate basic data for developing these facts insofar as the railroad industry itself is concerned, but the full and complete picture surrounding this wage factor would seem to indicate the desirability of similar productivity data in other industries if we are to measure railroad productivity with that in other industries where wages are also measured.

6. The "hazards of employment" factor is one of the circumstances that wage boards give consideration to. The Interstate Commerce Commission collects and publishes data on this point for the railroad industry but if the services of the United States Bureau of Labor Statistics are crippled we will not be able to obtain that type of material from any other source for other industries.

7. Aside from and in addition to the information needed to show the current change in prices, the Bureau has contributed to a better understanding of proper wage levels by making available data bearing upon "standards of living" of workers in various localities and industries. The comparative standard of living as between railroad workers and those in other industries is always con-

sidered in our railroad wage cases. There are other agencies that publish what they call "Standard of Living Studies" but too many of them seem to be more interested in sustaining some selfish interest than in developing impartial and sound facts.

In these and in other ways we have made extensive use of the services of the Bureau of Labor Statistics and in more recent years the standard railway labor unions have relied more and more upon the Bureau for a greater and greater measure of information. We have found the Bureau to be statistically competent and impartial in its work. We regard the Bureau as being fair, neutral and unbiased.

We are in a postwar period now when differences between employers and employees will be inevitable. The Senate can best contribute to the peaceful solution of these problems, in our opinion, if it refrains from supporting the wholly unwarranted and reckless curtailment of the Bureau's services reflected in the unwise action on the part of the lower House. The utterly amazing reduction of 60 percent in the Bureau's appropriations, as made by the House, seems to us to be unfair to those labor unions that are trying to maintain industrial peace. It is not in the best interests of employers and employees or the public. It is penny-wise and pound-foolish. It is an invitation for both employers and employees to substitute the law of the jungle for the laws of economics. Since the railroad labor unions for which I speak have a good record for maintaining industrial peace, and since we have followed the practice of settling our disputes on the basis of facts rather than force, we believe that we have the right to make an urgent plea to you to refrain from so seriously impairing the fact-finding agency upon which we have relied so much and need so greatly.

Mr. KELLER. The 20 organizations for which I speak are listed in the statement.

You know as well as we do that our railway labor unions have followed the policy of trying to settle our disputes with our employers on a peaceable and in a quiet way across the conference table and without undue publicity.

The policy of adjusting our disputes through the process of fact finding is not new with us. We have been doing that under the Railway Act and particularly under the emergency provisions of that law which call for emergency boards or arbitration for a good many years.

VALUE OF WORK OF BUREAU OF LABOR STATISTICS

Fact finding is an old practice with us and, therefore, we are extremely interested in that part of your appropriation problems that have a direct bearing on the United States Bureau of Labor Statistics because we regard that as the most essential and most indispensable agency for fact furnishing that the country has.

We do not think that it is wise for Congress and the public generally to urge so vigorously the policy of fact finding as a basis for settling labor disputes and almost in the same breath cripple the one agency that has been most useful in fact furnishing.

Senator McKELLAR. What reason did the House give?

Mr. KELLER. I have not read their full statement, Senator McKellar, and consequently I am afraid I could not answer that too intelligently.

It appears to be under the over-all blanket of economy, but it seems to us to be a very reckless and harmful attempt at economy, and while I say this in all politeness, it seems to be an economy similar to being penny wise and pound foolish.

When the railroads and their employees engage in one of their industry-wide discussions of wages, and that is the way we have settled our wage matters now for a little over 17 years, we have been able, with one recent exception on the part of two organizations that

I am not speaking for, to adjust these problems for a little better than 1,000,000 union workers without any interruption to transportation since 1922.

My own brotherhood engaged in its last major strike in 1901. We have made that good record through following the laws of economics and not the laws of the jungle. We rely on the Bureau of Labor Statistics for a substantial amount of material with which these matters are disposed.

When I say "we" I mean the employers and employees because the boards created under the Railway Labor Act have, I think, without exception gone to the Bureau for such additional facts as they may need for a proper and fair determination of the disputes that we present to them.

SERVICES RECEIVED FROM BUREAU

Now among other things that we are interested in and which the Bureau of Labor Statistics provides us are these:

Any major wage dispute necessarily rests very largely upon the relationship of the wage under consideration to the wages in other similar large industries. These employees about which we are talking get a wage of so much. How does that compare with other big industries and with industries reasonably similar in nature?

If the Bureau is seriously crippled, and I think it is just about wrecked through the 60 percent reduction in its appropriations, it will be extremely difficult for us to present to any board the proper, complete, impartial, and unbiased wage data that a board would necessarily have to have to reach an intelligent decision on the relationship of railroad wages to those prevailing in other industries.

Another point, the boards invariably attribute a great deal of importance to the trend of wages over a long period of years. First, they will consider what are the wages today and how they compare with other industries. Then they want to know what is happening to the wages. Have we run ahead of other industries or have we lagged behind, or what is our relationship in the long-range trend?

We do not know any place else where we could get adequate and impartial data of that kind.

SENATOR McKELLAR. How long has this organization been in existence?

MR. KELLER. The Railway Labor Executives Association——

SENATOR McKELLAR. I mean this particular Bureau?

MR. KELLER. The Bureau of Labor Statistics was set up in 1884, and the Department of Labor was set up in 1913, I believe. I think it was one of the last acts that President Taft signed.

Third, we have a wide variety of railroad employees in the industry, totally unskilled workers, semiskilled and highly skilled and so-called supervisory men who are called foremen. The organization of foremen in the railroad industry is also a very old and established practice. My own brotherhood, the Brotherhood of Maintenance of Way Employees, was started 60 years ago or in 1887 and by section foremen. They were the basis for the foundation of our union, and foremen have been represented by unions for many, many years in the railroad industry.

Now, boards that are helping us to maintain peace in the railroad industry always want to know something about the wages of these workers in accordance with their various skills. The unskilled workers and skilled and the foremen classes, and so forth. Again we know of no place where we could go for that information except to the Bureau of Labor Statistics.

Senator KNOWLAND. I do not know whether you were here the other day when the Bureau was testifying but I think there is a general recognition of the importance of this particular Bureau in the field of labor organization and for both labor and industry.

PRIOR APPROPRIATIONS

I have had quite a number of industrial labor groups make statements which we are putting into the record, urging that nothing be done which would cripple this particular Bureau of the Department but even with the appropriations allowed by the House of some \$2,873,000, that compares with the 1936 allocation to the Bureau of \$1,084,000, and as late as 1938, the total amount for wages and expenses of the Bureau were only \$784,000. So, the \$2,000,000-plus figure, even with the drastic cut by the House committee and the additional cut by the House itself, still leaves them \$2,000,000, which is some two and a half times what they had as late as 1938.

So, from the point of crippling, I think the factual information should be in that they are still two and a half times what they were in 1938.

Mr. KELLER. Yes, but the demands upon the Bureau have grown and have rapidly required expansion within recent years and to say that they ought to operate on what they got in 1936 would be like saying that Marshall Field should operate on an over-all cost based on what they had to meet when they were 5 stories high instead of 10 stories high.

Senator KNOWLAND. That is right, and I think with the general increased cost from that time due weight should be given to it.

Mr. KELLER. Yes.

Senator KNOWLAND. But, on the other hand, the view of the Appropriations Committee of the Senate, the job that we have to do in reviewing the work of the House, if we are going to maintain the Government on the expense basis which was followed during the war years, as Senator McKellar pointed out yesterday, and are not going to get this down to somewhat of a peacetime basis, well I have grave doubts as to whether the people can support the Government with that high an expenditure.

Mr. KELLER. We are not unaware of the fact that there must be some economies in the postwar period.

Senator KNOWLAND. I might say that we want to do it as intelligently as possible and not do it on a basis of swinging an ax in a dark room. Nevertheless, we have an obligation to make cuts.

Mr. KELLER. That is what they are wanting to have done and we want to point out the great need for this Bureau to the railroad industry. Of course, others have told you of the importance of the Bureau from the viewpoint of employers and as Senator Thomas stated a moment ago, its basic purpose is to serve as a yardstick for our whole economy.

I am not going to launch out into that broad field but I am going to try to confine myself within the field which I know and that is to keep within the railroad field and to continue our work on the basis of fact finding.

VALUE OF INFORMATION OBTAINED

Now, the cost of living in and of itself is not an acceptable yardstick to railroad workers for determining wages. If we did that we think we would just freeze the existing living standards and allow no room for progress or technological improvements, and that is the least our country must hope for.

While we do not accept the cost of living as a factor in controlling wages, we do find that the consumers' price index figures are extremely important to tell us what is happening to prices and to the general economy. If we do not have that we will have to determine our wage policies in a more or less blind manner.

Now, it may not be known to you, but before we launch a wage movement in the railroad industry we study the national economy or that part of it which affects our question. We try to know what we are doing and we try to fix our proposals and regulate our procedures in such a way as to justify the position we are taking when we go before these boards, where we always wind up.

We do not seem to be able to settle across the table, and it seems we must have boards to do it.

We know this too, that when both sides present their case, being human, we present the side of the case that looks good to us and so do the railroads. These boards then go to the Bureau of Labor Statistics for such additional information that they need to clear up the confusion that inevitably results from the biased testimony that comes from the two parties in the case.

CONSUMERS' PRICE INDEX

The cost of living or the consumers' price index is an important factor. Now, when price changes are reported to us, in the nature of ancient history, they are not worth much to us. They ought not to be cut down to 3 months, particularly at this time in this postwar period when things are changing so rapidly. Just look at what has happened to prices since the lids were taken off last spring. Prices have gone through the roof and all of the pious promises made by big business have not been kept. Prices have soared higher and higher, until we are now hearing about pork chops at \$1 a pound.

Now, in addition to the experience of our own men we have the experience of our people who are not economists but railroad men, and they see these fantastic prices as they look across the grocery counters and read about them and unless we have something dependable to place in front of our people to show them what has happened, they get the most fantastic impressions as to what is going on and they begin to hound us, demanding that we make fantastic demands in order to meet what they feel are fantastic changes.

Then, we have to go to the Bureau to find out what the facts are and our men do not want to know what was going on 3 months ago.

There are other factors like labor productivity and things of that kind that inevitably find their way into these disputes. Some of them we get from the Interstate Commerce Commission, but there again you get back to the relationship between your industry and others. If your productivity has increased 30 percent on your railroad, how does that compare with other industries with which we are making wage comparisons? If your ratio of deaths and injuries stands at some fixed figure in the railroad industry, does that necessarily mean that it is much more dangerous than other industries, or how have the casualty rates been running in other industries?

So, our economy is tied together when we get in front of these boards and we must have a much broader collection, a much more impartial analysis of the material than boards sometimes get from partisan or biased advocates when they go before the board with just one job and that is to sustain the position they are taking.

APPROPRIATION TO BUREAU OF LABOR STATISTICS

We do not think that the Bureau of Labor Statistics has been given any too much money. We have about 50,000,000 workers in this country and, as I recall it, the Bureau of Labor Statistics has asked for \$6,000,000 or something like that. That adds up to about 12 cents per wage earner per year. I do not think that is too much to spend to maintain industrial peace in this country and provide the facts upon which we can do so but the House, in the reckless treatment of this problem, has cut that down to peanuts. They have reduced it to about 5 cents per worker per year as a fact-finding facility.

LIVING STANDARD

Now, the living standard, what is necessary for the American wage earner to provide his family with what we call the American standard of living—I am not talking now about any idealistic standard—something of what we may call a minimum of adequacies below which we cannot go and still have an adequate standard from the viewpoint of physical decency and health.

I think that is important from the viewpoint of the whole country, not only from the angle of labor matters but from the viewpoint of public health. We get the answers to that every once in a while when our boys are called in to be drafted and a frightful number are rejected because of physical defects or lack of education.

Those figures we got in the last war ought to be disturbing to everybody and these standards of living and these studies to determine what is essential, not for an idealistic standard on the one hand nor for the animal level on the other, such as the WPA, but what is a good standard of living for the average workingman in overalls.

There are a lot of people who fix so-called cost-of-living budgets and studies, but outside the Bureau of Labor Statistics it seems that too many of them do not set out to find out what the proper standard should be. They set out to prove something they want it to be before they started on the study and you cannot rely on those things, Senator Knowland, and be sure of your ground.

NEED FOR ECONOMIC FACTS

Now, we need more of these economic facts and not less at this time. We are in a postwar period where we are going to be lucky if we can adjust ourselves to a normal condition in industry without too many strikes and disturbances.

We have done pretty well in the railroad industry, but others have not been so fortunate. I say we need a lot more of these facts, but we are to get less. Sixty percent less, according to the cuts made in the House. We need this information faster, but we are going to get it slower. We need it in more complete fashion, but we are going to get it in a more incomplete fashion. We need it on a broader basis, but we will get it on a narrower basis.

The price figures now are for about 34 cities. Look at the situation we are in on the railroads. Half of our people are in small towns and cities. We get into a dispute with the railroads, and the first thing they say is, "Those statistics are for 34 big cities, and so many of our people work in small towns and villages."

We ought to have some of the smaller towns, but we are going to get less instead of more, and it is going to be narrowed down when we think it ought to be widened out.

COST OF LIVING LESS IN SMALLER TOWNS

Senator THOMAS. Do you not recognize that the cost of living is lower in the smaller towns than it is in the larger cities?

Mr. KELLER. We hear that, but we do not find that to be the case.

Senator THOMAS. What do you base that on?

Mr. KELLER. We base that on the fact that the people in the small cities rush to the big cities to buy their goods. These war changes have made a number of things apparent, take, for example, the South.

Senator THOMAS. People go into the large towns just to buy; is that the only reason?

Mr. KELLER. They may go in for visiting and a little recreation, but you can see their cars parked in front of stores.

Senator THOMAS. But it is less costly in small cities than in the large ones?

Mr. KELLER. Many of the items are standard brands. Take, for example, overalls. There is a fixed price for all of them—North, East, South, and West. The same thing is true in the South. I think it is absolutely unsound from start to finish telling us that it costs less to be living in the South today than it does in the North. Oh, you use less coal in the winter, but down in Senator McKellar's State you had better be prepared for cold down there or else you will be in trouble. Not only that, but you have to have heavy clothing. Most of our things are manufactured in the North and sent south, and you cannot sell them cheaper there. For example, stoves which are manufactured in the North, many of the prices are higher on them in the South.

Senator YOUNG. There are some notable exceptions to that statement, however. For instance, when eggs are selling in North Dakota for 20 cents they are usually 60 cents in Washington.

Mr. KELLER. There are notable exceptions, and I was speaking in an over-all way in regard to the cost of living as a whole. You will

find some things that sell for less in one place and more in another. Take the South as a whole, you cannot live there for less than you do in the North. There is a most regrettable difference in the standard of living in the South but not living costs. You could live for less in a shack down South as compared to someone living in a modern home in the North, but put them in the same sort of house and it is a difference of standards and costs.

EFFORTS TO REDUCE APPROPRIATIONS

Senator KNOWLAND. You are making a good case, but I cannot agree with you that \$6,000,000 is peanuts because while comparatively speaking with the \$37,500,000,000 expenditure budget, I think one of the greatest difficulties has been that we are so used to dealing with billions of dollars that anything less is considered to be peanuts. My belief is that we will never start saving the billions until we start saving the hundreds of thousands.

Whether it will be saved in this agency I think there is an honest difference of opinion, but the only way we can cut the billions is by taking hundreds of thousands here and there.

Mr. KELLER. The House figure is what I referred to as peanuts, because it worked out to about 5 cents per wage earner per year, whereas the Bureau of Labor Statistics had requested what added up to 12 cents per person.

Senator McKELLAR. What was it before the war?

I do not believe it was 5 cents then.

Mr. KELLER. I do not recall the figure, but I do know this, that the comparison predicated solely on the figures alone is not a sound basis for the comparison, first, for the reason that the Bureau's services have been so greatly expanded, not because they were seeking to spread their department over a bigger territory but because you gentlemen in Congress and industry as a whole have called upon them for more and more service, and then you, very properly, made provision by legislation for increases in salaries of those workers down there and that meant that what it cost to employ 1,000 people in 1936 costs more today because they have to have more to live on, too.

They are trading in these same stores with the rest of us. There are a lot of things that you have to look at beyond the figure itself, Senator Knowland, or else you do not get the true picture of what the situation is.

Senator KNOWLAND. That is true. I am not discounting the value of the Bureau. I am saying that we have a broad picture which your organization or some of the other organizations that we have here today want us to restore or want us to make adjustments in the House action. We will have to make a good many adjustments, but the cumulative result is that if we continue that, the Appropriations Committee might end up with not less than the \$37,500,000,000 in the budget and perhaps more by the time you consider the special appropriations bills which will probably be before us from time to time.

Mr. KELLER. Yes.

Speaking very frankly I think that any of these Bureau heads and any of us who are trying to support these Bureaus, we are just being foolish if we feel that we can come in here and say there are not going to be economies. I think there are going to be economies, and there is justification for it.

Senator KNOWLAND. I think the gentleman is right.

Mr. KELLER. At the same time, I think the House was very reckless in its treatment of the Bureau. It was cut down heavily in the process of going through the President's and Mr. Schwollenbach's office and through the budget. Then it got cut 40 percent in the House committee and then somebody with one fell swoop brought the reduction up to 60 percent. They have just crippled that Bureau.

If these labor unions and industries and all these people are not to be able to get this information we may have strikes in this country that could be avoided and it does not take a big strike for a long period of time to eat up more than the two or three million that would be saved in this. One big strike will consume that. I am afraid I have taken up too much of your time already, gentlemen.

Senator KNOWLAND. We appreciate having had you here this morning.

Senator McKELLAR. I want to say this that I do not recall ever voting against labor once. All during the years that I have been here, I do not believe that I have voted against labor, but the Secretary comes and says he wants the same appropriation after a great war like the one we have just gone through. They had a great many employees during the war, and they do not want to discharge any of them. I will have to look into it very carefully before I can follow his reasoning. My every sympathy is with the worker who works with his hands, but I just cannot see the situation where we are to run the Labor Department or any other department on the basis that we did during the war because it is unwise and tremendously destructive of the best interests of this Government.

Mr. KELLER. Senator McKellar, I am happy at this time to state in behalf of the more than 1,000,000 workers that I represent that we have been very grateful to you for the support we have received from you in the past. We are grateful to you and look upon you as a friend. All we ask is that you consider this thing and help us continue to keep peace in the railroad industry by furnishing us with fact-finding facilities.

I am not singling out Senator McKellar as the only friend we have here, by the way.

Senator KNOWLAND. I want to include in the record two letters which the committee has received from organizations endorsing the Bureau of Labor Statistics.

LETTERS FROM NATIONAL CANNERS ASSOCIATION AND CHAMBER OF COMMERCE OF THE UNITED STATES

One letter is from the National Canners Association and the other is from the Chamber of Commerce of the United States of America. They refer to the appropriation bill for the Department of Labor and other agencies.

(The letters are as follows:)

NATIONAL CANNERS ASSOCIATION,
April 7, 1947.

HON. WILLIAM F. KNOWLAND,
Senate Committee on Appropriations,
Senate Office Building, Washington, D. C.

DEAR SENATOR KNOWLAND: We have been informed that a subcommittee of the Senate Committee on Appropriations is scheduled to consider H. R. 2700, the appropriation bill for the Department of Labor and other agencies, covering the fiscal year ending June 30, 1948, at a public hearing beginning today. We would very much appreciate this letter being considered as a statement filed at such hearing and the consideration by the subcommittee of the information being filed.

As enacted by the House, the bill provides for a substantial reduction in the appropriation for the Bureau of Labor Statistics. This reduction is designed to curtail certain activities. The House committee stated that it believed: "That the cost-of-living index should be maintained and that the other functions relating to industrial hazards, industrial relations, wage analyses, occupational outlook, productivity, and technological development, and employment and construction statistics should be very materially reduced." House Report 178, March 21, 1947, page 12.

It is respectfully requested that the committee consider making an appropriate fiscal provision for the continuance by the Bureau of Labor Statistics of its work in collecting statistics on employment and pay rolls and in publishing each month the average weekly hours and earnings in manufacturing and nonmanufacturing industries. The reason for this request is that in the canning industry, and probably in many other industries, supply contracts for the purchase of cans and other containers run for periods of years, with price adjustment provisions specifically controlled by reference to these statistics published by the Bureau of Labor Statistics of the Department of Labor.

The committee will appreciate that both the can manufacturers and the canners, in making their price adjustment provisions dependent upon these published Department of Labor statistics, sought to obtain some independent yardstick. The one selected and in wide use was the national average hourly earnings statistics in all manufacturing industries published monthly by the Bureau. Many thousands of container supply contracts are based upon this publication. Its discontinuance would cause great confusion in existing commitments and would prevent the continued use of these important price adjustment provisions and term supply contracts.

It is believed that the collection, collation, and publication of these particular statistics serve a very useful purpose in the business economy and that continuance of this work is decidedly in the public interest.

We are expressing no opinion on any other features of H. R. 2700, but we sincerely hope that the committee will make it clear that it desires this particular service to be continued and provide the necessary funds for it.

Respectfully submitted.

NATIONAL CANNERS ASSOCIATION,
CARLOS CAMPBELL,
Secretary.

CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA,
Washington, April 7, 1947.

The Honorable WILLIAM F. KNOWLAND,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR: Attached is a statement on the budget of the Bureau of Labor Statistics. We offer it for your consideration in reviewing the appropriations for statistical agencies of the Federal Government; currently, those of the Bureau of Labor Statistics.

The statement was prepared by a subcommittee of the committee on business statistics of the Chamber of Commerce of the United States and it sets forth the views of the members of this subcommittee. I am the chairman of this subcommittee and I have been instructed to bring it to your attention.

The views expressed should not be construed as existing policy of the board of directors of the Chamber of Commerce of the United States.

Respectfully submitted.

FRANK M. SURFACE,
STANDARD OIL CO. OF NEW JERSEY.

STATEMENT OF THE BUDGET OF THE BUREAU OF LABOR STATISTICS

Prepared by the Subcommittee on Legislation Related to Statistical Programs of the Committee on Business Statistics of the Chamber of Commerce of the United States, Frank M. Surface, chairman

The subcommittee on legislation related to statistical programs of the committee on business statistics of the Chamber of Commerce of the United States views with misgivings some elements of the recent reductions of the Bureau of Labor Statistics budget by the House Committee on Appropriations.

The subcommittee takes the position that there is a line of demarcation between wise economy and indiscriminate reduction of appropriations of Federal Government statistical agencies; and that, while there may be no doubt as to the appropriateness of a general economy program, the Congress has a responsibility to the Nation of guarding against the impairment of the essential basic statistical programs of the Government.

THE NEED FOR ESSENTIAL BASIC STATISTICS

The continuance of the free enterprise society of our country, during these times of great change and unusual transition, depends in no small degree upon the availability of essential basic statistics as provided by several Government agencies. Impairment of essential basic statistics now would simply compound the prevailing confusion on our economic front. In our free enterprise society we cannot do without facts. We need particularly to have the real facts about developments in the many economic activities in manufacturing, farming, mining, distribution, or any other of the many greatly dynamic industries of our country.

A large amount of these facts is supplied by the Bureau of Labor Statistics. Included, for example, are the statistics on wholesale and consumer prices, wage rates, employment, and housing and construction volumes. Such statistics, in conjunction with other essential basic statistics, serve business, labor, and the economy at large in the analyses of economic trends, business and market conditions, developments in employment and the labor supply, etc. These analyses are extremely helpful in securing a proper balance among the efforts of producers of raw materials, the processors of these materials, and the distributors of the finished goods. All of us benefit from such analyses, whether we are businessmen, farmers, miners, lumbermen, or any other producing individual.

AN EVALUATION OF THE REDUCED BLS PROGRAM

The reduction in its budget, if fully sustained, would impair a number of truly important statistical activities of the Bureau of Labor Statistics. The subcommittee decries especially the virtual elimination of housing statistics. The loss of information on local residential construction now would be most serious. There are no data whatsoever on nonurban housing other than that supplied by the Bureau of Labor Statistics. Today, moreover, most of the residential construction is in nonurban or local regions. Housing data are of utmost importance to construction concerns, to Federal or State housing agencies in connection with building or rent programs, and to producers of building materials and supplies.

While the elimination of monthly, and the return to quarterly, reporting on some consumer prices may not prove to be a serious deficiency for some purposes, there is no reason for eliminating the monthly food index. Since it is the most sensitive of all consumer price indexes, this index should be retained. It is helpful in judging trend developments in the cost of living and, as a rule, it represents the most important item in the consumer budget.

It is also highly doubtful that the saving made through dropping the indexes of food prices for 21 cities is a worth-while economy. These individual city indexes are of considerable value to the public and to business and labor in the analysis of economic changes in given regions.

The subcommittee believes it inadvisable to throw aside the work so far done on the city workers' family budget. The Bureau of Labor Statistics has advanced considerably the study in this significant sphere of consumer expenditures and the findings should be made available to the public. Studies of this nature are of inestimable value in research upon consumer uses of income and consumer demands.

The commodity price indexes of "Six Special Groups" have come to serve several useful purposes in manufacturing. Some concerns in writing contracts tie

escalator clauses to them. The indexes have also proven to be greatly helpful in the prediction of trends in special price areas. It may therefore be desirable to continue these or the most important of these series.

The subcommittee also believes that the wage studies possess value considerably in excess of their costs. It particularly would encourage the continuance of studies of the wage rates distributions by industries. These data provide essential background material in wage making and in getting an understanding of wage conditions.

Finally, the programs for improving such basic statistics as on housing and wholesale and consumer prices, should be continued, if not on present levels, then on levels which would still be fruitful. The need for refining these statistics is sufficient to warrant considerable emphasis.

APPROPRIATIONS AND THE NEED FOR A BALANCED STATISTICAL PROGRAM

These recommendations on restoration of certain Bureau of Labor Statistics activities should not be carried through, the subcommittee believes, by reducing or eliminating other statistics. The Bureau of Labor Statistics has been careful and discreet in the choice of activities to be reduced or eliminated; it would not be possible to adjust the program to the subcommittee's recommendations by further reductions or eliminations. Further cuts in the program would be a serious threat to the life of a highly useful statistical agency.

Obviously, therefore, the subcommittee in making these recommendations would view as essential the restoration of a portion of the appropriations originally requested. Since it does not have proper data to make an objective evaluation of the amount of funds needed to establish a balanced and useful group of basic statistical functions, it cannot precisely determine the extent of the required additional appropriations. After careful consideration of the issue, however, it does believe that at least the last \$1,000,000 reduction on the floor of the House was injudicious.

The subcommittee respectfully urges that a thorough review be made along the lines of its recommendations. However, the specific suggestions are regarded, it does seem important that there is reconsideration before taking away from the Nation a number of highly valuable statistical data. There is risk of so emasculating the Bureau of Labor Statistics functions as to greatly impair their usefulness.

Wise economy will do much to help businessmen, farmers, and labor, and to promote the good health and progress of the Nation as a whole. Reducing the value of services rendered by more than the amount "saved" may prove ill-considered parsimony.

Mr. KELLER. I do not know whether I am for the bill or against it, but we are for an appropriation.

Senator KNOWLAND. Thank you, Mr. Keller.

LETTER FROM DIVISION OF EMPLOYMENT AND SECURITY, STATE OF MINNESOTA

ACCOUNTING FOR FEDERAL FUNDS

Senator BALL. -Can I place in the record a letter from the Division of Employment and Security of the State of Minnesota calling attention to a problem they are up against in accounting for Federal funds which are granted to that State division by three different Federal agencies. I wonder if the clerk could send a copy of the letter to Mr. Goodwin and ask for his comments as to what they are doing for the veterans organization and see if they could not straighten that out.

Senator KNOWLAND. That will be done.

(The letter is as follows:)

STATE OF MINNESOTA,
DIVISION OF EMPLOYMENT AND SECURITY,
St. Paul 1, April 5, 1947.

Hon. JOSEPH BALL,

United States Senate, Washington, D. C.

DEAR JOE: In view of the fact that the Senate will soon have under consideration the Federal Security Agency deficiency bill and the Labor Department-Federal Security Agency 1948 appropriation bill, you may want to give some consideration to a problem which is common to most States, and is an administrative headache for a number of them.

The problem in this State results from the fact that we have a complete integration in the administration of the employment, unemployment compensation, and veteran's allowances programs with the administrative grants allotted by three Federal agencies from separate appropriations. Apparently anticipating that at the State level there might be difficulty in accounting for the cost of certain activities to the proper appropriation, the following language appears in the 1947 laws (Public, 549), and in the 1948 appropriation bills—"the State agency may commingle such funds and account therefor by such accounting, statistical, sampling, or other methods as may be found by the Secretary of Labor and the Social Security Board, respectively, to afford *reasonable assurance* [italic furnished] that the funds paid to the State agency under this heading and the funds paid to the State agency under title III of the Social Security Act, as amended, are expended for the respective purposes of this heading and of such title III."

Our problem is the extent to which funds can be commingled. As yet we have not received an interpretation by the Federal agencies of the above language. Undoubtedly the delay in securing an interpretation is due to the complexity of the problem involved, and the methods to be used in segregating the varying costs of the program on a reasonable basis.

Most of the States (including Minnesota) have the time and cost program which gives us a reasonable method of allocating personnel time where the work performed falls clearly within one of the three programs. However, there is a considerable field in which personnel time cannot so well be segregated, and might reasonably be charged to any one of the programs. Then there are non-personnel and joint costs which must be allocated on a percentage basis, and we have not as yet been able to figure out a reasonable method that we are sure will withstand post-audit without encountering the possibility of exceptions being taken by auditors of one or the other of the Federal agencies that certain charges should have been made to another appropriation. All of this detail requires considerable record keeping which could better be spent in operations than in trying to satisfy each of the three Federal agencies that its funds have been spent for its particular program.

At the present time we are approximately \$100,000 short on unemployment compensation funds for the remainder of the fiscal period. I understand that other States are also short. For this reason, the deficiency appropriation is necessary. On the other hand we are approximately \$70,000 long on employment service funds, with an over-all shortage, if the funds were commingled, of \$30,000.

While as yet we have no definite word as to the final accounting to be required, it seems to me that a much less involved procedure could be devised. Each of the three Federal agencies could grant funds to the States based on a budget request and the funds commingled. During the budget period, if work loads changed, the funds on hand could be used for that purpose. One audit would be sufficient to determine whether the funds had been properly expended for one of the three programs, and substantially in accordance with the original grant. Thus strict accounting for each grant separately would not be required. Any excess in funds for the fiscal period could be prorated back to the three agencies on the basis of the original grants. Any deficiency could be supplied by that Federal agency responsible for the work load which had been exceeded, and which caused the deficiency.

I am sure that the three Federal agencies have given considerable thought and attention to the problem involved. No doubt some of them would prefer a com-

plete segregation of funds and activities. The over-all problem which the State agencies face is to find jobs for the unemployment compensation and veteran claimants and in my estimation this problem will better be solved through greater, rather than less integration of the services.

I would like to suggest that the matter which I have outlined could well be discussed with the committee, and with the Federal agencies involved, if you agree with me. It might be that the present language could be construed to meet the problem, or some amendment made which would accomplish the purpose.

Sincerely yours,

VICTOR CHRISTGAU, *Director*.

REPLY FROM DEPARTMENT OF LABOR

(The Labor Department submitted the following letter in reference to the foregoing letter from Mr. Christgau:)

DEPARTMENT OF LABOR,
UNITED STATES EMPLOYMENT SERVICE,
Washington 25, April 11, 1947.

HON. JOSEPH BALL,

United States Senate, Washington, D. C.

DEAR SENATOR BALL: The question raised by Mr. Christgau in his letter of April 5, 1947, was considered some time ago by the Department of Labor, the Federal Security Agency, and the Veterans' Administration.

The budget instructions issued jointly by the three Federal agencies indicate how the nonpersonal services, such as rents, travel, and supplies, may be allocated among the various programs. On the basis of these instructions, the State agencies have prepared their budgets. They have agreed with the regional representatives of the United States Employment Service and the Bureau of Employment Security as to fair and reasonable allocation of these costs. These agreements have been confirmed by approval of the budgets and costs distributed in accordance with such agreements will be accepted by the auditors.

As Mr. Christgau indicates, most of the States have time and cost analyses so that they can readily make an allocation of most of the personal services costs among three programs. In auditing the State accounts, we plan to accept any reasonable allocation of personal services costs that are based on these time studies or other equally reliable information.

As Mr. Christgau further indicates, there are certain areas of personal services costs that cannot readily be assigned to a particular program on the basis of time and cost studies. These costs, generally include over-all direction and supervision of the agency, and the centralized service functions. They, like nonpersonal services costs, are allocated among the three programs on the basis of agreements between the head of the State agency and representatives of the Federal agencies. Such allocations will be accepted by the auditors.

We recognize that the rate of expenditures for any one of the programs for any given month may be more or less than the amount budgeted for that particular month. It is expected, however, that these short-time variations will balance out during the total budget period so that total expenditures for each program will equal the total amount budgeted for each program.

The States are permitted to commingle the funds appropriated for the three different programs. From these commingled funds they may finance temporary excess expenditures for any particular program. States cannot, however, permanently transfer funds appropriated by Congress for one program and use those funds to finance another program. It has always been my understanding that this is the way Congress wishes the funds appropriated for grants to the State to be administered. Otherwise, Congress might appropriate funds for one program and find these funds being transferred and expended for the expansion of another contrary to the wishes of Congress.

Inasmuch as the States have been operating the Employment Service only since November 16, 1946, we have planned to start our auditing after the close of the fiscal year. It has been agreed by the Department of Labor, the Federal Security Agency, and the Veterans' Administration that there shall be a single audit made. We are now developing the detailed techniques for the guidance of the auditors. In making such audits we shall accept reasonable allocations

of costs so that no necessary accounting burden will be placed upon the State agencies.

I wish to assure you and other members of the committee that we shall cooperate with the States in adopting the simplest and most economical methods possible to provide an adequate accounting for the expenditure of funds appropriated by the Congress. For this purpose no additional language or legislation seems to be necessary.

Sincerely,

ROBERT C. GOODWIN, *Director.*

Senator KNOWLAND. The committee will recess at this time to meet at 2:30 this afternoon and convene until 4:30, contingent of course upon permission from the Senate which I believe we will get.

(Thereupon, at 12 o'clock noon the committee recessed until 2:30 p. m. of the same day.)

AFTERNOON SESSION

The committee reconvened at 2:30 p. m., pursuant to recess.

BUREAU OF LABOR STATISTICS

LETTER AND ENCLOSURE FROM SENATOR FLANDERS

Senator KNOWLAND. The subcommittee will come to order. I will first ask to have put in the record a letter from Senator Flanders, enclosing a copy of a communication he has received from Mr. Nourse relative to the Bureau of Labor Statistics.

(The letters are as follows:)

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON THE ECONOMIC REPORT,
Washington, April 8, 1947.

HON. WILLIAM F. KNOWLAND,
*Chairman, Labor Appropriations Subcommittee,
Senate Committee on Appropriations,
United States Senate, Washington 25, D. C.*

DEAR SENATOR: The House of Representatives has reduced the appropriation of the Bureau of Labor Statistics for fiscal year 1948 about 60 percent below that available in the current year. I understand that your subcommittee has commenced action on this appropriation. As a long-time user of BLS data and as a member of the Joint Committee on the Economic Report, I am concerned with the possibility of a curtailed BLS program.

A few days ago I asked Dr. Edwin G. Nourse, chairman of the Council of Economic Advisers, Executive Office of the President, for the implications of a substantial cut in BLS appropriations in carrying out the objectives of the Employment Act of 1946.

I am attaching Dr. Nourse's reply. I believe that his letter presents strong arguments for continuation of the present programs of the Bureau of Labor Statistics and hope that your subcommittee will consider his letter when you mark up the appropriation. Will you also please include his letter in the printed hearings of your subcommittee.

Sincerely yours,

RALPH E. FLANDERS.

EXECUTIVE OFFICE OF THE PRESIDENT,
COUNCIL OF ECONOMIC ADVISER,
Washington 25, D. C. April 7, 1947.

HON. RALPH E. FLANDERS,
United State Senate, Washington, D. C.

DEAR SENATOR FLANDERS: I have your letter of April 1, making inquiry as to the extent to which we believe that proposed cuts in the appropriation of the Bureau of Labor Statistics would be harmful to our work or detrimental to businessmen in formulating intelligent private business policy. As to the

latter point, I would hardly venture an estimate, although it is my impression that the statistical results of BLS work are widely used in business.

As to our own situation, you are of course aware of the statutory limitation placed on staff salaries of this agency which precludes our doing extensive statistical work of our own. Furthermore the act stipulates that the Council "shall, to the fullest extent possible, utilize the services, facilities, and information (including statistical information) of other Government agencies." While we draw heavily from the statistical work of other departments such as the Department of Commerce and the Department of Agriculture, the statistical services and products of the BLS in the Department of Labor are indispensable to us in carrying out the requirement of the Employment Act of 1946. The attached sheets state in some detail the type of fact-gathering and interpretative work of the BLS which we are finding of constant and invaluable help.

Your letter also makes inquiry as to the "cost of collecting basic statistics useful to both business and Government," with comparisons for 1946, 1947, and estimates for 1948. Since the Bureau of the Budget is best informed on this matter, I referred your inquiry to them and attach a letter which they have submitted in reply thereto. Of course many statistics are derived from day-to-day operations of Federal agencies whose primary functions are not statistical, and the cost of these byproduct data cannot very well be segregated from operating costs of the respective agencies. However, I think we may accept the figures submitted by the Bureau of the Budget in their letter as giving a reliable comparison and approximately correct absolute amounts. Even the estimate of \$32,000,000 for 1948 (including over \$5,000,000 for special censuses to be available through fiscal 1949) would be only about one-tenth of 1 percent of the estimated total obligations of the Government for fiscal 1948 and shrink to much smaller proportions when compared to the national income for volume of business of the country they describe.

Trusting this material may be of help to you and with kindest regards, I am,
Sincerely yours,

E. G. NOURSE, *Chairman.*

BUREAU OF LABOR STATISTICS PROGRAMS USED BY THE COUNCIL OF ECONOMIC ADVISERS IN ITS WORK

1. *National employment and earnings statistics*

This program provides necessary information on employment turn-over, pay rolls, average hours worked, and weekly and hourly earnings, by industry. There is no other source from which the Council can secure these statistics, which are basic to its work.

These data are used as essential raw material in the computation of the Federal Reserve index of industrial production, which in turn is of vital importance for the work of the Council.

It should be pointed out that the Census Bureau's Monthly Report on the Labor Force does not substitute for this BLS program, since the Monthly Report on the Labor Force provides no industry break-down on employment and does not include wage, hour, and other data furnished by BLS.

2. *Employment and pay-roll statistics by State and area*

Local developments often serve as warning signals prior to their having sufficient effect on national figures to attract attention. This is one reason why the Council needs this type of information. In addition, the Council is particularly concerned with problems of regional development and distressed-area problems, and these data constitute a main source of information available for regional and area analysis.

3. *Occupational and employment outlook*

The work done under these programs—the first covering long-range employment opportunities in various occupations, and the second being a continuous appraisal of employment developments nationally and in major industries—is valuable to the Council in appraising employment trends in relation to the statutory standard of maximum employment.

4. *Strike data*

Monthly information on strikes and lock-outs—number of stoppages, workers involved, man-days of labor lost—enables the Council to follow closely what is frequently a major factor affecting production, employment, and purchasing power.

5. Analysis of labor force

This work which BLS carries on with respect to the labor force is exceedingly valuable to the Council and constitutes the only comprehensive analytical work with respect to long-time changes in the working population and provides a basis for estimating future changes in the labor force and its components.

6. Consumer prices

The consumer's price index on a national basis is indispensable for the work of the Council in apprehending trends in consumer purchasing power and in appraising the outlook with respect to price and wage movements. The movement of consumer prices is one of the major determinants of trends in purchasing power affecting consumers as a whole as well as different groups, such as wage earners, salaried workers, industrial and occupational groups. Monthly figures, promptly tabulated, are of prime importance for continuous appraisal of significant changes in purchasing power.

Sample surveys of expenditures and prices paid by housewives are necessary to maintain the accuracy of the index by testing prices and weights of the different commodities and services. In addition, as a byproduct, these surveys give the Council the only current information on changes in spending and saving habits of the urban population. Insufficient information in this area has been found to be a serious lack in the work of the Council. The city workers' family budget is an important part of the whole program on consumer prices. There is so little information available on family budgets that the Council feels it is imperative that this type of information be secured. This program furnishes information on the budgeting costs for a workingman's family in a selected number of large and small cities and is a necessary supplement to the consumer price index in appraising cost of living in various parts of the country.

7. Wholesale price index

Both the monthly and weekly price indexes are of basic importance to the determination and appraisal of price trends in the economy and its various segments. Any restriction of coverage would lessen the usefulness of those price statistics. Elimination of the weekly index would make it impossible to apprehend changes in price trends at an early date, since the monthly index is not available until 6 weeks after the end of the month in which the index is completed.

8. Urban wage rates

The semiannual surveys of basic occupational wage rates in manufacturing nonmanufacturing industries constitute the only reliable indicators of what is happening in basic wage rates. This information is quite distinct from the weekly and hourly earnings data mentioned earlier. It is a much more accurate measure both of the effect on costs and wages of collective bargaining negotiations.

9. Productivity and labor costs

These studies, some based on the relationship of output to hours worked and others derived from direct reports from manufacturing and nonmanufacturing industries, are of great importance to the Council in its analysis of the relations between prices, costs, and profits. They are especially important, also, in relation to the problem of maintenance of adequate purchasing power as economic efficiency improves.

10. Housing statistics

The BLS monthly data on dwelling units started and completed, together with information on housing characteristics and construction costs, are the only data of their kind and are important to the work of the Council. The volume and cost of residential construction is of course a major factor in the economic welfare of the country.

11. Construction volume estimates

The BLS compilation (with the Department of Commerce) of total dollar expenditures for all private and public construction, by type, together with monthly value of urban residential and nonresidential building and repair work started, is a series that is necessary in the Council's considerations of the size of the gross national product.

12. Construction labor requirements studies

Studies measuring the labor requirements for particular types and volumes of construction activity give necessary information on the volume of employment

on-site and off-site created by construction programs. It is impossible to get an over-all figure for total nonagricultural employment without including this important on-site component.

13. Industrial relations research

The BLS file and analysis of current collective bargaining agreements, together with its related research in the field of industrial relations, is frequently of direct use to the Council. Without the former we would be lacking in much valuable information concerning wage and wage-contract developments and trends, and without the latter we would not have a ready source of valuable information on such industrial relation matters as industry-wide bargaining.

14. Technological relationships

This program involves exploratory and developmental work in carrying on studies designed to disclose the normal relationships between various industries in the economy. The work provides, among other things, a method of estimating employment and output in each industry under specific economic policies or levels of expenditures or output in a particular industry.

15. Foreign labor conditions

This is an important source of information on labor conditions and policies, wages, prices, productivity, employment, and cost of living in foreign countries, particularly as they affect or may affect the United States. It is desirable for the Council to keep informed about such developments abroad and to secure full information quickly about special developments.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington 25, D. C., April 4, 1947.

Memorandum for: Mr. E. G. Nourse, Chairman, Council of Economic Advisers.
Subject: Senator Flanders' request for rough estimates of total costs of collecting statistical data.

Complete costs of statistical collections cannot be estimated because many collections, such as those of the Social Security Administration, are made as part of the administrative operations of the agencies, and their costs cannot be segregated from administrative costs. It is possible, however, to obtain rough approximations of statistical costs by examination of the budgets of the four agencies which are primarily statistical—the Bureau of Agricultural Economics, Bureau of the Census, Bureau of Labor Statistics, and the "Economics of Mineral Industries" activities within the Bureau of Mines. The total budgets of these agencies, even though they include some items not primarily statistical in character, give a rough indication of the costs of collection, compilation, analysis, and publication of statistical data.

As general-purpose statistical agencies, these four collect data for other agencies by transfer of funds. Therefore their total obligations for a given year, including transferred funds, are more representative of total statistical costs than their appropriations. Also, the appropriations figures frequently include for 1 year sums for large-scale statistical operations, such as the quinquennial census of agriculture or the census of manufactures, which are obligated over a period of years.

The figures presented here are for the grand total obligations of each of the four primarily statistical agencies for fiscal years 1946, 1947, and 1948.

	1946, actual	1947, estimate	1948, estimate
Bureau of Agricultural Economics.....	\$4, 819, 403	\$5, 120, 116	\$5, 014, 300
Bureau of the Census.....	14, 814, 282	13, 353, 088	¹ 19, 098, 000
Bureau of Labor Statistics.....	5, 168, 660	6, 185, 682	6, 700, 700
Bureau of Mines (economics of mineral industries).....	728, 656	898, 630	1, 233, 000
Total.....	25, 531, 001	25, 557, 516	¹ 32, 046, 000

¹ Includes \$5,798,000 available through fiscal 1949 for censuses of population, religious bodies, manufactures, and electrical industries.

DONALD C. RILEY.

APPRENTICE TRAINING

STATEMENT OF R. R. LAUGHERTY, GENERAL REPRESENTATIVE
OF THE RAILWAY EMPLOYEES DEPARTMENT

Senator KNOWLAND. The first witness this afternoon is Mr. R. R. Laugherty, of the Railway Employees Department.

I would request the various witnesses this afternoon to endeavor to limit their presentations to approximately 10 minutes. If you have a longer statement, we will be glad to have that go into the record that it may be available to the full committee, but this subcommittee, as I explained earlier, also has to handle the Federal Security end of it, so we have several weeks of work ahead of us.

Mr. LAUGHERTY Mr. Chairman, I can confine my statement to 10 minutes.

My name is R. R. Laugherty, and I am general representative of the Railway Employees Department. My statement is in behalf of the Railway Labor Executives' Association in support of the apprentice service of the Department of Labor.

NEED FOR EFFECTIVE APPRENTICE TRAINING PROGRAM

The railroad industry offers perhaps the best illustration of the need for an effective apprentice training program. In no industry has the element of proper training and skill such an important bearing on the efficient operation of an industry and the safety of the public.

Because of the interrelated character of railroad transportation, which operates at clock-work precision, the failure of one man to perform his duties skillfully may spell disaster. This is particularly true with the introduction of modern streamlined trains which represent an investment of millions of dollars and travel at high speeds to meet the expanding needs of our country for speedy and efficient transportation.

Properly trained employees are, therefore, required not only to protect the carriers' investment in this equipment, but also to provide safe and efficient transportation to the public.

This was realized early in the history of the railroads. While the need for proper training in the early days was not as great because the equipment and mode of operation were not as complex, it was nevertheless real and necessary.

APPRENTICE TRAINING PROGRAM WORKED OUT THROUGH COLLECTIVE
BARGAINING

Appreciating the value of such training, the representatives of railroad management and the Mechanical Trades employees worked out an apprentice-training program through the process of collective bargaining over a half century ago, which has been continued until the present time.

Through the years an effort was made by the railway managements and the Standard Railway Labor Organization representing the machinists, boilermakers, blacksmiths, sheet metal workers, electrical

workers, and carmen to keep abreast of developments both technologically and as to methods of training.

An effort was also made by the organizations through standard apprentice rules proposals to develop a uniform program on all railroads. But because negotiations were conducted on each carrier separately, only moderate success was achieved in this respect.

Not only did the apprentice-training program differ from one road to another but with the developments which occurred during the war, it was in need of revision.

It is not generally known, but despite its shortcomings, this program contributed in a vital way to the ability of the railroad industry to meet the remendous demands made upon it during the war.

Notwithstanding the shortages of manpower, materials and equipment, the skills developed through the apprentice-training program made it possible to utilize the available short study of critical materials and equipment to meet the transportation needs of the country during the emergency.

This was possible primarily as the result of the all-round skills which were developed through the apprentice program. While everyone appreciates the magnificent job the railroads and their employees did during the war, we are particularly indebted to them for their foresight in establishing an apprenticeship program which contributed so much to make this possible.

EXPERIENCE GAINED FROM WAR PERIOD

Thus the experience of the war demonstrated two things, first, the value of a highly trained force in an emergency and hence the necessity for an adequate apprentice-training program, and secondly, the need for a revision of the existing training program.

In addition to bringing about a greater degree of standardization, there was a need to revise training schedules in order to make available the new training techniques developed during the war and to meet the requirements of technological developments such as the widespread introduction of the Diesel-electric locomotive. But this was a job which the carriers and the employees could not do because they had their hands full trying to provide the necessary transportation for a nation at war.

Another development, while it contributed materially to the war effort by providing the railroads with the skilled personnel they so desperately needed to keep our economy functioning, also contributed to intensifying the problem which they would face in providing adequate trained personnel after the war.

UPGRADING PROGRAM

This was the upgrading program which was established through collective bargaining; existing agreement rules were amended for the period of the emergency to permit the setting up of helpers and apprentices still in training to perform mechanics' work.

This program, as well as the induction of large numbers of young railroad workers into the armed services, retarded the apprentice-

training program leaving a large backlog to be taken up after the war in order to supply the needs of the service for competent mechanics.

This was the situation which confronted the railroads and the Standard Railway Labor Organization and which they asked the Apprentice Training Service to help solve.

SPECIAL TRAINING PROGRAMS

Equipped to assist in the development of an over-all apprentice-training program for the industry, the Apprentice Training Service not only aided in special training programs during the war to meet special needs, but with representatives of the railroads and the organization worked out a broad program embracing the latest developments in apprentice training which were designed to meet the postwar needs of the industry.

A considerable amount of developmental work was first done by conducting extensive studies on two large representative railroads. One, the New York Central System, is located in the East, and the other, the Union Pacific Railroad, is located in the western part of the United States.

Numerous meetings both at the top level and at the local level were conducted on these carriers to discuss the problems involved. Training schedules and the most recent literature in the whole field of apprentice training was also studied. As a result a greatly improved apprentice-training program was developed and put into operation on these two carriers. Now, that the program has been tested, it is being extended immediately to about a dozen additional railroads and it is anticipated that in the near future all railroads will adopt the program.

EFFECT OF IMPAIRMENT OF APPRENTICE TRAINING SERVICE

With the developmental work completed and the apprentice-training program tested in actual operation, the railroad industry is about to realize on the time, effort, and money which has been expended by the railroads, the organizations, and the Government in meeting a vital postwar problem.

Any impairment of the activities of the Apprentice Training Service would not only neutralize the work which has already been done, but failure to go forward with this program will seriously hamper the proposed modernization program of the railroads and their efforts to improve their service to the public.

In fact, the competitive position of this industry as well as the safety of the traveling public might well be jeopardized through failure to provide an adequate supply of trained personnel to properly service the modern high-speed equipment which is being acquired.

On the other hand some 80 percent of the apprentices now in training are ex-servicemen of World War II who would be deprived of the opportunity provided under the GI bill of rights to learn a trade under a modern training program should the present activities of the Apprentice Training Service be curtailed.

INTEREST OF RAILROAD INDUSTRY IN PROPER TRAINING

The conclusion is inescapable insofar as the railroad industry is concerned that the proper training of personnel is essential for safe and efficient operation; developments which occurred during the war created a need for a modernized apprentice-training program; such a program has developed and is essential to carry forward the modernization program of the railroad industry; the assistance of an impartial agency equipped to provide the necessary technical advice and assistance in the developing of apprentice programs is essential as neither management nor labor are self-starters in establishing programs of apprenticeship; and the industry and the Government have the responsibility of providing the veterans who constitute the bulk of the apprentices now in training the best possible training which can be made available.

We respectfully request, therefore, that the Apprentice Training Service be provided with adequate funds to meet these needs.

AMOUNT ALLOWED BY HOUSE

The House has approved \$2,015,600 which is \$528,600 short of the estimated amount calculated to efficiently operate the program successfully. Apprentice training is vitally needed in the railroad industry and we respectfully appeal to your committee to allow the full amount scheduled for this service by the budget.

Senator KNOWLAND. Are there any questions?

Mr. A. E. Lyon, executive secretary, Railway Labor Executives' Association.

LETTERS ON LABOR DEPARTMENT ITEMS SUBMITTED FOR THE RECORD

Senator KNOWLAND. Before you testify, Mr. Lyon, I want to put into the record, several letters which the chairman has received regarding different agencies of the Department of Labor, one a letter from the State of California Department of Employment, a letter from the Brotherhood of Railway Trainmen signed by Mr. Whitney, from the National Federation of Business and Professional Women's Clubs, from the North Dakota Farmers' Union, from the Lumbermen's Industrial Relations Committee, and from Mr. John Thomas Taylor, the director of the national legislative committee of the American Legion.

(The letters are as follows:)

THE AMERICAN LEGION, NATIONAL LEGISLATIVE COMMITTEE,
Washington, D. C., April 2, 1947.

Senator WILLIAM F. KNOWLAND,
Senate Office Building, Washington, D. C.

DEAR SENATOR KNOWLAND: The Senate Appropriations Committee now has pending before it House-passed H. R. 2700, an appropriation bill within which funds are provided for the Veterans' Employment Service.

The American Legion urged and supported the creation of a Federal agency which would specialize in assisting veterans find employment opportunities, and such employment has been one of the major projects of our organization. When our organization initiated and supported the Servicemen's Readjustment Act

of 1944, as amended, we emphasized the inclusion of a provision to strengthen a veterans' employment service, and such provision became title IV of the act. We have cooperated with the Veterans' Employment Service in an attempt to locate and create as many employment opportunities as is possible.

Included in H. R. 2700 are funds for the Veterans' Employment Service, and while we realize that wasteful Federal expenditures must be eliminated we do not believe the appropriations dealing with veterans' employment should be curtailed to such an extent that it cannot perform satisfactorily.

It is our belief that the minimum number of employees with which the Service can operate are those recommended by the Bureau of the Budget, as follows:

644 field positions at a cost of_____	\$2, 521, 697
32 department positions at a cost of_____	128, 799
676	2, 650, 496

We of the Legion would appreciate, therefore, if you would urge the inclusion of these funds for the Veterans' Employment Service in H. R. 2700.

Thanking you for your cooperation, I am

Very sincerely yours,

JOHN THOMAS TAYLOR,
Director, National Legislative Committee.

LUMBERMEN'S INDUSTRIAL RELATIONS COMMITTEE, INC.,
Portland 4, Oreg., March 31, 1947.

HON. WILLIAM TOLAN,
*United States Senator from California,
Senate Office Building, Washington, D. C.*

DEAR SENATOR TOLAN: May I refer to the matter of the appropriation for the United States Bureau of Labor Statistics, which I understand will be placed before your committee this week?

I have read in the press that the reduced appropriations planned for the Bureau of Labor Statistics of the United States Department of Labor will make it impossible for the Bureau to support many of the excellent and useful series of economic facts, not to mention the regional field offices which have been established for over 5 years. This development is greatly disturbing to our committee, which is currently engaged in wages and welfare negotiations with the major CIO and AFL unions in the west coast lumber, logging, and plywood industries.

In our negotiations with the union we find that the use of the carefully prepared and accurate statistical services provided by the Bureau of Labor Statistics give both the employers and the union a basis for a common understanding of the basic economic facts of industry and the Nation, which are so important in concluding negotiations in good faith. We have relied, as an employers' group, very heavily upon the assistance of the Bureau of Labor Statistics' regional office at San Francisco, and we believe that any discontinuance or lessening of the services provided by the Bureau in Washington and in the San Francisco regional office will make it just that much harder to come to a common understanding with the unions on factual material.

I need not tell you that the unions are unwilling to accept statistical data supplied by private research groups such as the National Association of Manufacturers or even the National Industrial Conference Board, and they definitely prefer the Labor Department figures. Most employers agree that the Bureau of Labor Statistics is the one Federal agency providing accurate information on matters relating to the field of labor economics.

We urge you to do everything possible to avoid a reduction in the services now provided by the Bureau of Labor Statistics. We sincerely believe that this would be false economy and not in the interest of labor, management, or the people of the country.

Yours very truly,

LUMBERMEN'S INDUSTRIAL RELATIONS COMMITTEE, INC.,
By WALTER A. DURHAM, *Secretary and Acting Manager.*

WAD:mc.

NORTH DAKOTA DIVISION, FARMERS UNION OF AMERICA

OFFICE OF THE PRESIDENT

JAMESTOWN, N. DAK., March 31, 1947.

Senator WILLIAM F. KNOWLAND,

*Chairman, Subcommittee on Appropriations,
Senate Office Building, Washington, D. C.*

DEAR SENATOR KNOWLAND: Reference is made herein to the action of the House of Representatives on last Wednesday in re the appropriation bill passed for the Federal Security Agency.

The United States Employment Service (within the Labor Department) was given \$900,000, which amount is only 23 percent of the \$3,900,000 requested by the Budget Bureau for this agency. The request of a \$72,000,000 budget for State employment services was approved without change. If the 77-percent cut in the USES request stands, it will wreck the Washington and regional offices of USES and cripple the effectiveness of every State employment service in the country.

With \$900,000 for the year 1947-48, the USES can only maintain a skeleton organization in Washington, whose chief function will be granting funds to the States and the auditing of accounts.

There will be neither staff nor money to coordinate the 52 separate State employment services; maintain the interstate system for the exchange of job information and the direction of migratory workers; establish minimum standards of efficiency; furnish national labor-market information; promote uniformity in administrative, supervisory, and operating procedures; or develop professional occupational material.

Further, the USES regional office at Minneapolis, which has been of invaluable assistance to us in this area, will be abolished along with the 11 other USES field offices throughout the country.

The farm placement service which I learned recently will probably be returned to the employment services on January 1, 1948, will be about as effective as a clock with no works.

I am enclosing a copy of an editorial from the Washington Post for March 24, 1947, which pertains to this USES problem. It seems obvious to us that the geographical areas of job opportunities and unemployment are synonymous only by accident and that with major functions of the employment service now returned to the States it will be more than ever necessary to maintain the Washington and regional field offices of USES for effective liaison work between the State employment services.

I respectfully call these matters to your attention and sincerely urge you to give serious consideration to the need for reinstatement of the \$3,900,000 appropriation requested by the Budget Bureau.

Very truly yours,

NORTH DAKOTA FARMERS UNION,
GLENN J. TALBOTT, *President.*

(Editorial, March 24, 1947, issue of the Washington Post)

BLOW TO USES

Under the Wagner-Peyser Act of 1933, the United States Employment Service assists in coordinating the public employment offices in the States and undertakes to increase their effectiveness by setting minimum standards of efficiency, promoting uniformity in administrative and statistical procedures, and maintaining an interstate system for exchange of job information. With the return of the public employment offices to the States, after nearly 5 years of operation under the Federal Government, it is highly important to keep a close watch over the State organizations to prevent wreckage by spoilsmen and insure a continued high standard of performance.

Heedless of this necessity, the House Committee on Appropriations, while allowing \$72,000,000 for the operation of the State employment offices, has appropriated only \$900,000 for USES—a pitifully inadequate sum in view of the great responsibilities that agency is called upon to assume. The committee's action, if permitted to stand, will inflict an incalculable disservice not only on millions of veterans but also upon millions of nonveteran job seekers and hundreds of thou-

sands of employers who have found the facilities of public employment offices the answer to their job problems. We can only hope that the committee's misguided attempt to achieve economies by wrecking an organization that has demonstrated its value during years of depression and war will meet with the rebuff that it deserves.

THE NATIONAL FEDERATION OF BUSINESS AND PROFESSIONAL WOMEN'S CLUBS, INC.

WASHINGTON OFFICE, April 2, 1947.

Senator WILLIAM F. KNOWLAND.

*Chairman, Subcommittee, Federal Security and Labor,
Senate Appropriations Committee,
Senate Office Building, Washington, D. C.*

DEAR SENATOR KNOWLAND: The National Federation of Business and Professional Women's Clubs, Inc., has favored the regulation of child labor since 1922. We now number 110,000 members with 1,852 clubs throughout the United States.

The Federal child-labor amendment as well as other pertinent regulatory legislation has been supported, and we realize that enforcement of our objective requires appropriations in order to be effective. With this in mind, we urge sufficient appropriations to the Child Labor and Youth Employment Branch of the United States Department of Labor. In our estimation, sufficient funds for enforcement of child-labor regulations is a necessary expenditure.

The women of our organization are gainfully employed, with a high percentage of owners and managers of businesses, large and small. We are in sympathy with efforts to reduce expenditures, but we also feel there are certain Federal needs which must be maintained. We trust, in calculating our present appropriations, you will keep in mind our position in this matter.

Thank you for your favorable position on other legislative items, particularly your vote on the equal-rights amendment last year. We trust it will be repeated this year and that the amendment will have your active support.

Very truly yours,

HELEN G. IRWIN, *Legislative Chairman.*

BROTHERHOOD OF RAILWAY TRAINMEN,
Cleveland 13 Ohio, March 28, 1947.

HON. WILLIAM F. KNOWLAND,

United States Senate, Washington, D. C.

MY DEAR SENATOR KNOWLAND: I have never believed that Congress would deliberately sacrifice human life and promote industrial chaos. Yet those are the tragedies implicit in the proposed cut in the appropriation for the Department of Labor.

I do not see how the Labor Department can possibly provide even the barest minimum of the desired services if this totally unjustified cut of 40 percent in its appropriation, made by the House, is passed by the Senate. The Labor Department will exist in name only.

The Division of Labor Standards will go by the boards and, with it, the unceasing check needed to prevent unnecessary industrial accidents. Recently here in Cleveland a 15-year-old boy employed in a factory as a spray painter was hospitalized for 14 weeks and permanently disabled when the paint caught fire. He became literally a human torch.

The United States moved to bring charges against the company involved. This did not help the burned boy, but it did help to check similar accidents in the future. Yet elimination of the Division of Labor Standards, as directed by the House, will invite the repetition of this abuse of human labor.

The Bureau of Labor Statistics will also be badly crippled. The findings of this Bureau are used by millions of people yearly. They are absolutely essential to any approach toward determining causes of industrial accidents, studying and eliminating friction in labor-management relations, determining fair wages where they are tied to the cost of living, accurately determining the number of unemployed, checking on the progress of housing through construction statistics, and other equally vital areas of our activity as a people. Yet all of these will be discontinued or seriously curtailed if the House action is sustained.

If the Congress were deliberately to set out to promote industrial chaos, it could not choose a more effective route than ensuring that the statistical raw material for planning are destroyed.

This blow at industrial progress is underlined by cutting by one-fourth the funds for the Conciliation Service. This just does not make sense; at a time when both labor and management are placing increasing faith in Federal efforts at mediating or conciliating industrial disputes, the ability of this vital agency to function is crippled.

In respect to the slashing of funds for the United States Employment Service, I do not understand how this agency is to be expected to guarantee that the money turned over to the States for their employment programs will be administered in accordance with Federal standards.

In turning employment services back to the States, Congress promised that Federal money would be used in accordance with Federal standards. The House voted the full sum for the State employment services which the Budget Bureau requested—some \$71,728,000, while reducing by almost 80 percent the funds of the Federal Agency charged with seeing that these \$72,000,000 are wisely spent.

It almost seems as if the House desired to turn over to the States Federal money which they can use as a slush fund without adequate check by the United States Government.

Similarly, with the veterans' employment service. How can this agency be expected to service the needs of jobless veterans when its funds have been slashed by 34 percent? Its work of uncovering job opportunities for veterans would virtually halt.

It would also seem that the House is not altogether in sympathy with enforcing the current low minimum wage of 40 cents an hour. In utter disregard of the imperative need to employ sufficient inspectors to see that this standard is enforced, the House would slash the appropriation for the Wage and Hour Division by 25 percent.

I have always believed in economy. But the House action is not economy. It is a fantastic, stumbling chase after an elusive will-o'-the-wisp. Its reckless disregard of the needs of the great body of labor, management, veterans, women and children for assistance through the tested and proved services of the Labor Department will cost the country heavily in the months ahead.

I urge the Senate to insist on the full restoration to the Department of the amount recommended by the President's Budget Bureau.

Respectfully yours,

A. F. WHITNEY, *President.*

STATE OF CALIFORNIA,
DEPARTMENT OF EMPLOYMENT.
Sacramento, Calif., March 27, 1947.

Hon. WILLIAM F. KNOWLAND,
Member of Congress, Washington, D. C.

DEAR SENATOR KNOWLAND: We are informed that the Federal Security-Labor Appropriation bill for the fiscal year 1948 has been forwarded by the House to the Senate, and will soon be considered by your committee. The cuts in the United States Employment Service title appear extremely drastic to us and we are concerned lest they result in difficult Federal-State administration of the Nation-wide system of public employment offices.

In this connection we would like to outline for your consideration those items that, to us, are of major importance in efficient and economical Federal-State relations and administration:

1. Administration of the Federal-State employment service unemployment insurance program should be vested in a single Federal agency. Simplification of administrative, budget, and standards processes are very important from our standpoint. This simplification, and the economies that will result, cannot be accomplished under dual administration.

2. Administration of a national placement organization goes primarily to the ability of the several States to move workers from areas of supply to shortage areas. As you know, in California we are experiencing the development of both types of problems. National interstate transfer of workers is in this con-

nection as important as our own intrastate activity. The budget should provide sufficient funds so that adequate management of this phase of national placement is assured.

3. \$71,000,000 is provided in the bill for grants to States for administration of their Employment Service. To these grants are related many complex problems of budgeting funds, disbursement, administration, and program. We have in the past looked to the United States Employment Service field staff for guidance and assistance. It has been timely and effective. We want to disburse and spend funds properly and promote and develop programs that meet Federal standards. Provision of adequate and timely field assistance is essential, if the Federal-State system is to accomplish these ends.

4. Maintenance of a sound statistical base upon which to operate the placement program, and other social programs, has been proven since passage of the Social Security Act in 1935. In our own State, employment and unemployment data serve many needs of the State government. If funds are not sufficient to provide and maintain nation-wide occupational research and employment data, the Federal-State system with which we are concerned will definitely suffer.

The reduction in the United States Employment Service budget made by the House is so drastic that it will not permit carrying out the type of program that should be accorded the workers and employers of this State and other States.

Undoubtedly representatives of the national office, United States Employment Service, will contact you and will supply you greater detail on these particular items.

We thank you for giving your usual sympathetic consideration to our problems.

Respectfully yours,

JAMES G. BRYANT.

Chairman, California Employment Stabilization Commission.

LETTER FROM NATIONAL SOCIETY FOR THE BLIND

Senator McKELLAR. I would like to put in a letter which I received from the National Society for the Blind.

Senator KNOWLAND. It will be included.

(The letter is as follows:)

NATIONAL SOCIETY FOR THE BLIND,

Washington, D. C., April 10, 1947.

HON. KENNETH McKELLAR,

Subcommittee on Appropriations, United States Senate.

DEAR SENATOR McKELLAR: I am writing to you in a moment of great emergency in the interest of the blind employed by the Federal Government who have already received official notice that they are to be discharged from service within 30 days from April 2 as the result of congressional action in connection with the present drive for economy.

Messrs. Hiram Chappell, James F. Hyka, and Arthur Voorhees are all totally blind and have been employed in the Office of Vocational Rehabilitation of the Federal Security Agency, 815 Connecticut Avenue NW. for about 2 years as field representatives and consultants for the State commissions for the blind and private agencies.

Mr. Hyka and his wife who live at 2400 S Street SE., are both totally blind. She has been employed by the OPA and they were brought here from Ohio about 2 years ago to take their places in Government service. Mr. Hyka has done an outstanding piece of work in the interest of the blind for the State of Ohio before coming to Washington and has accomplished much in the interest of the blind as a field agent for the Federal service.

Mr. Chappell who is totally blind lives with his wife and son at 203 Garland Avenue, Takoma Park. He has done an outstanding piece of work in the interest of the blind of the State of Oregon where he placed over 170 blind people in industry in Portland before he was brought to Washington by the Federal Government in September 1944 and he has accomplished much in the interest of the blind as a field agent in the States for the Federal service.

Mr. Voorhees who is totally blind was born and raised in Newark, N. J., where he graduated from school then operated a candy business and later a dog-food business. In 1936 he became a member of the staff of the New Jersey Commission for the Blind and was its first placement officer. He was successful in placing

in industry about 125 blind persons in New Jersey and later went to Colorado where he did fine work in placing the blind and was brought here by the Federal Government and placement officer in Services for the Blind, Office of Vocational Rehabilitation, a Federal Security agency.

Their 2 years' experience in the Federal work for the blind backed by their exceptional training and experience and accomplishments in their respective States places them in the position of being valuable employees of the Federal service.

I might say that there are several other handicapped persons, two of them blind, who are being separated from the service although their services have been perfectly satisfactory.

May I suggest that it might be of interest to you to talk to Messrs. Voorhees, Chappell, and Hyka or with Mr. Joseph F. Clunk, Chief, Services for the Blind, Office of Vocational Rehabilitation, 815 Connecticut Avenue NW., who is their immediate superior and is thoroughly familiar with work for the blind across the country.

It would be a most unfortunate thing to curtail the splendid work being accomplished by the Office of Services for the Blind in which these men are employed by discharging them at this time as they are in the midst of an active program of education and assistance to the State and private agencies throughout the United States in the nature of training and placing the blind in industry and gainful occupations and are accomplishing a great deal in this direction. I trust that you will make every effort to see that the work for the blind is not so greatly crippled by the congressional program for economy. I am sure that there are other economies which could and should be made but certainly this is not the point at which to strike.

In order that you may know something of the organization which I represent I am enclosing a list of a few of its accomplishments. If I may be of any service to you I shall be glad if you will call upon me.

Very sincerely yours,

WALTER K. HANDY,
Executive Director.

NATIONAL SOCIETY FOR THE BLIND, INC.,
Washington 5, D. C.

A few of the accomplishments of the National Society for the Blind, Inc., are listed below for your information.

This society is mailing checks monthly to cooperating agencies for the benefit of the blind throughout the United States.

Funds raised in Philadelphia, Pa., by the National Society for the Blind and paid monthly to a local agency in that city assisted in establishing a glaucoma-prevention program. A full-time worker was employed and the value of this service to those persons who were saved from blindness cannot be estimated.

Funds produced by the National Society for the Blind in the State of Illinois were expended for a local agency for the blind in the publication of 1,000 copies of Blind Workers in United States Industries—Photographs and Letters From Their Employers. These booklets were distributed to manufacturers in Illinois. The agency reported that a considerable number of blind persons secured employment through this activity.

Funds credited to the State agency in Arizona enabled that organization to establish a refreshment stand, which not only provided employment to the first operator but continues to serve subsequent operators as an employment facility. At the time these funds were provided, the State agency did not have appropriations for this purpose. The establishment of the first employment facility has already resulted in a number of other blind persons being placed as operators.

An agency for the blind in South Dakota was eager to establish several stands and stores for its blind clients, but lacked the financial means. Funds made available through the cooperative arrangement with the National Society for the Blind provided the necessary money, and blind persons in South Dakota are not only amazing their neighbors with their ability to operate a business but they are also proud taxpayers instead of recipients of public charity.

Prior to 1942 in the District of Columbia over \$3,000 a month was raised to assist another agency in the primary capitalization of the stand program. This program has achieved not only a national but a world-wide reputation and is copied by a number of agencies in other parts of the country. As a result of this

program approximately 60 blind men and women, white and colored, now receive the highest annual per capita income of any similar number of blind persons in any one community in the world.

In addition to aiding agencies for the blind throughout the United States in these activities, the National Society for the Blind has published booklets, pamphlets, and a 485-foot moving-picture reel in color, showing the blind actually performing in a broad variety of occupations in industry.

You might be interested in the following publications and film:

Blind Workers in United States industries contains over 100 letters from employers of the blind and 50 photographs of the blind at work. \$1 per copy.

Open Letter to My Newly Blinded Friend in the Armed Forces, by Joseph F. Clunk. This booklet is considered of value not only to those blinded in the armed services but to the civilian blind as well. It is a classic in its field. Third edition. 15 cents per copy.

Blind Workmen in Private Industry, a moving-picture film, approximately 485 feet in length, 16 millimeter, in color, and requires about 15 minutes to run. It shows blind workmen performing a wide variety of operations, including work in aircraft, textile, laundry, and plumbing supplies plants. One man is shown performing five different operations in a plumbing supplies factory. He operates a turret lathe, milling machine, and drill press; he also does hand filing and packaging. This emphasizes the diversity and flexibility of a blind worker in any plant. The price of this film is \$50. A rental copy may be secured for 2 weeks for \$5 plus insurance and postage.

The National Society for the Blind supported several bills in Congress in the interest of the blind such as those now known as the Randolph-Sheppard Act and the Barden-LaFollette Act.

Some future developments.—There is a tremendous unmet need for the establishment and operation of adjustment training centers where newly blinded adults can become adjusted quickly to their new mode of living. Authorities estimate that 30,000 to 35,000 sighted persons become blind each year. Many of them lose from 5 to 20 years of valuable working time because they do not have adequate information and assistance in their adjustment to blindness.

Public information.—There is a definite need to publicize in a dignified authoritative manner on a national basis the accomplishments of blind persons in order that the confidence of the sighted in the ability of blind persons may be maintained. There is little use in providing training and education to blind persons if the sighted public will not give those persons an opportunity to work.

As funds become available, the National Society for the Blind will encourage and assist in these two very necessary needs. The Society believes that the desired results can be secured through systematic cooperation with all agencies now in the field.

WALTER K. HANDY,
Executive Director.

UNITED STATES EMPLOYMENT SERVICE

Senator McKELLAR. Then I would like for these figures to be put in the record, the ones with the mark around them.

Senator KNOWLAND. That will be done.

(The information is as follows:)

	Funds requested for 1948	Funds appropriated by the House
Total.....	\$78, 291, 500	\$74, 384, 800
For grants to States.....	71, 728, 000	¹ 71, 728, 000
For Veterans' Employment Service.....	2, 650, 600	² 1, 756, 800
For U. S. Employment Service.....	3, 912, 900	³ 900, 000

¹ No cut.

² 34-percent cut.

³ 77-percent cut.

Among the specific functions, activities, and technical materials which the United States Employment Service would be required to discontinue as a result of the House action are:

1. The national gathering and distribution to all local offices in the States of labor market information reflecting employment trends, job opportunities, hiring specifications, and conditions of work on an occupational, industrial, and local area basis. This information is now used by all employment offices in connection with employment counseling and placement service activities, and by employers, labor organizations, and community groups concerned with location of plants and employment stabilization.

2. All technical services resulting from occupational analysis work such as the Dictionary of Occupational Titles; job descriptions and definitions; aptitude tests, trade questions, and employment interviewing aids; and the analysis of physical requirements of jobs and physical capacities of workers. These techniques are used particularly in the placement of disabled war veterans and handicapped workers. They constitute basic services which the USES furnishes to both the VES and the State services.

3. Nationally directed programs, such as (a) the job development program, with specific emphasis on obtaining employment opportunities for veterans; (b) coordinated and improved counseling for veterans, handicapped workers, and new entrants into the labor market; and (c) such special programs as the national Hire the Physically Handicapped Week.

4. The clearance of labor, both skilled and unskilled, between the States, and the bringing together of workers and the appropriate job opportunities and professional and technical personnel who must look to the national labor market for employment opportunities. This includes service to college graduates, particularly World War II veterans who are finishing their education under the GI bill, and who for the most part are seeking positions in sections of the country other than localities where they have finished their education.

5. The National Roster of Scientific and Specialized Personnel, which constitutes the only national register of our scientific manpower resources, and which is regarded by the Army and Navy and others concerned with national security as an indispensable activity.

6. Working relationships with national organizations of employers, labor, and veterans, who are concerned with employment problems and whose activities are organized on a Nation-wide basis.

7. All technical training materials and staff training assistance now being given by the USES to State and local employment offices.

8. The Manual of Employment Office Operations, which is the basic document setting forth recognized and tested employment office practices and procedures and which has been adopted and is used without change or modification by practically all local offices throughout the country; and which is necessary to a Nation-wide network of local employment offices.

9. Technical services provided to the Veterans' Employment Service, including manuals on operating methods and practices; statistical reporting, and labor market information necessary to assure the maximum job opportunities for veterans; as well as budget, fiscal, personnel, and business management services.

NATIONAL MEDIATION BOARD

STATEMENT OF A. E. LYON, EXECUTIVE SECRETARY, RAILWAY LABOR EXECUTIVES' ASSOCIATION

Mr. LYON. I am A. E. Lyon, executive secretary of the Railway Executives' Association, the same association identified by Mr. Keller in his testimony here this morning. It consists of 20 Nation-wide railway labor organizations and represents almost all of the railroad workers of the United States.

I want to make a very brief statement about a matter that is quite vital to us, the appropriation for the National Mediation Board.

The National Mediation Board, as I am sure you all know, is the principal administrative agency established by the Railway Labor Act.

HOUSE ACTION

Senator McKELLAR. What was the real reason that the House cut that out?

Mr. LYON. As I understand it, there must have been a misunderstanding there. The House report, in connection with the National Mediation Board, indicates in the text that they intended to maintain the present staff of personnel, but they must have made an error somewhere.

Senator McKELLAR. That was reduced by the House by about \$1,000,000, was it not?

Mr. LYON. No; I think the mililon-dollar reduction on the floor was in the Bureau of Labor Statistics.

Senator McKELLAR. Why was that?

Mr. LYON. I do not know, sir; I have not looked into that.

STAFF OF BOARD

The appropriation for the National Mediation Board is a relatively small item in money. The Board itself has a total staff of 42 people, as I understand it, which includes 3 Board members.

Senator McKELLAR. How many does this cut off?

Mr. LYON. As I understand it, the House bill allows about \$236,000 for salaries and personnel, and I think they indicated in their report they understood that would maintain the present staff of 42 people, but I believe they overlooked some factors through error.

Senator McKELLAR. You think you should put on more?

AMOUNT OF INCREASE REQUESTED

Mr. LYON. There ought to be an additional \$17,000, approximately, to maintain the present staff of people on that agency, and the staff ought to be increased and not reduced.

Senator McKELLAR. Very well, sir; go ahead.

BACKLOG OF UNSETTLED CASES

Mr. LYON. We have pointed out in previous years in appearing before your committee, as well as the House committee, I think, that the National Mediation Board has always had too large a backlog of unsettled cases. That situation has been improved somewhat in the last 2 or 3 years, but it is still unsatisfactory and is an undesirable situation.

It is very important that we view it from the standpoint of maintaining harmonious railroad labor-management relations, that the cases be handled promptly, that we not wait for weeks and months before assistance of the Government agency can be given.

As a matter of fact, the more delay that ensues after a case becomes a matter for the attention of the Government agency, the more difficult it is to settle the case.

CONCILIATION WORK

The work of this Board is primarily in the field of conciliation. The Conciliation Service of the Department of Labor does not operate

in the railroad industry, as you know. The conciliation work in this industry is handled by the National Mediation Board.

PRESENT BACKLOG OF CASES

The present backlog of cases before that Board awaiting the attention of the mediators is approximately 115 cases; and, as I say, that is not as bad as it was 2 years ago, when you had a very difficult and bad situation; and, I believe largely through the action of this committee, there was an additional appropriation about 2 years ago that very materially improved that situation, but 115 cases on backlog in this industry are too many.

There ought to be an increase in the staff of that Board. Not a large increase, but there should be two or three more men put on there now.

In any event, we urge very vigorously that you not go along with the House bill, which actually reduces the staff.

Senator BALL. The House report says they are giving exactly what they have this year, plus a supplemental to take care of the Pay Increase Act.

Mr. LYON. I think that is what it says, but I do not think that can be verified because of this situation: There has been a vacancy on this Board. One member of the Board has been absent ever since last July, I believe. That job has not been filled yet.

The second member of the Board—the term of the second member of the Board has expired. The job was not filled promptly, and of course, there was no money paid in salaries there.

I think one of their field men died some months back, and probably there was a saving there in the amount spent for salaries.

I think, too—although I am not too familiar with it—but I think the Government employees get an automatic increase in salary under the Ramspect Act, and that probably was not taken into consideration.

I believe the amount allowed in the House bill was some \$17,000 short in salaries to maintain the force. If you gentlemen go along with the House bill, they will have to make a reduction in force.

They have never had enough people up there, in our judgment, to be up to date on these cases.

MEDIATORS

Senator BALL. Do all their mediators work out of Washington?

Mr. LYON. No; they are scattered around the country. I think, while they are not assigned to specific jobs, they are moved from one section to another every few months. They are located all over the country.

REDUCTION IN DISTRICT OF COLUMBIA PERSONAL SERVICES

Senator BALL. The House apparently made its whole reduction in the amount to be expended for personal services in the District of Columbia. At least, that is the way the bill looks.

Mr. LYON. I believe that is the way it is recorded. The money is regarded as having been spent in the District of Columbia, but those men are seldom in Washington. They are field men. I think they

have 42 people on the Board staff, including clerical employees, and so forth, that 24 of them are field mediators, and practically all of them are out in the field doing their work in the locality where the disputes arise.

BACKLOG OF CASES

I think that summarizes what I wanted to say about that particular subject. I would like very much to see the staff of that Board increased slightly and certainly not reduced. A backlog of 115 cases at the present time is not good, and the probabilities are that that backlog will increase in the coming year if the staff is not increased.

Senator BALL. Do you recall what that backlog was a couple of years ago when the Senate did add five or six mediators to the staff?

Mr. LYON. At one time, it got as high as 300 cases.

Senator BALL. They have been working it off in the last couple of years?

Mr. LYON. Yes; they have been doing well with it. I think some of those men have put in extraordinary efforts. They have worked overtime and speeded up their work quite a bit.

OLDEST CASE IN BACKLOG

Senator KNOWLAND. How old is the oldest case they have in the backlog?

Mr. LYON. I think I have a tabulation on that.

On March 1, they made a report showing two cases over 1 year old. That may or may not be because they did not have time to get to them. It might have been that both of those cases are still on the backlog because of other circumstances.

They had one case between 8 and 9 months old, and four cases 7 to 8 months old, and five cases 6 to 7 months old, and so on.

SIZE OF STAFF

There are 24 field mediators and a total staff of the Board of 42. That includes the girls in the office and everybody, of course.

I think they need about \$250,000, approximately, to pay the salaries of their present force, considering the salary increases which must be made, and the House bill is about \$17,000 short.

BUREAU OF LABOR STATISTICS

Mr. Chairman, if you will permit just a word on another matter: Of course, Mr. Keller has appeared here from my group this morning about the Bureau of Labor Statistics, and Mr. Laugherty just spoke about the apprentice training service. Both of those matters are important to us, but I would not want the committee to believe that we do not have an interest in other matters that the Department of Labor handles.

Without going into any detail at all, I respectfully request that you be as liberal as you can with the Department of Labor. We believe that is a poor place to make economies. We realize economies are going to be made, but we hope you will look at the entire Department of Labor in a generous way, because a great deal of the work they are

doing, from our standpoint, is quite vital to the welfare of the country and particularly to the maintenance of harmonious labor-management relations.

This is all I have to say.

Senator KNOWLAND. If there are no questions, we thank you very much, Mr. Lyon.

The next witness is Mr. Max F. Baer, public relations chairman, National Vocational Guidance Association.

STATEMENT OF MAX F. BAER, PUBLIC RELATIONS CHAIRMAN, NATIONAL VOCATIONAL GUIDANCE ASSOCIATION

REDUCTIONS IN LABOR DEPARTMENT APPROPRIATIONS

Mr. BAER. My name is Max F. Baer; and, as the Senator stated, I am public relations chairman of the National Vocational Guidance Association.

I am testifying on behalf of the National Vocational Guidance Association, which is the professional organization for vocational counselors, placement workers, and personnel workers in America.

RESOLUTION OF NATIONAL VOCATIONAL GUIDANCE ASSOCIATION

We held our annual convention a little more than a week ago in Columbus, Ohio. The following resolution carried unanimously:

Nearly 1,000 delegates from every State in the Union to the annual convention of the National Vocational Guidance Association, held in Columbus, Ohio, March 28-31, voice their deep concern over the reported cut of 44 percent in the budget of the United States Department of Labor by the House of Representatives.

Members of the National Vocational Guidance Association, consisting of counselors, placement workers, and personnel workers in the United States, believe that such action, if sustained by the Congress, would virtually repudiate the promises of the American people to assist ex-service men and women in their postwar occupational readjustments.

As taxpayers, we are interested in economy in Government. However, we do not want economy to be applied in such a way as to nullify the GI bill of rights.

Billions of dollars being spent by the American people on the education and training of veterans will be wasted if ex-service men and women, in choosing their courses and careers, can no longer depend on the occupational outlook studies of the Bureau of Labor Statistics.

Training institutions and other agencies that are counseling disabled and nondisabled veterans have been relying upon the long-term occupational research of the Bureau of Labor Statistics and the short-term labor market research of the United States Employment Service.

We cannot permit these sources of vital information to be dried up by a hastily considered slash in the appropriation for the Department of Labor.

The bill passed by the House of Representatives would cut 77 percent of the United States Employment Service staff budget. This would, in effect, repeal the law which provides the people of the United States with an efficient, coordinated national system of public employment services. The skeleton organization remaining after such ill-considered action would do little more than handle the bookkeeping for Federal grants to the State employment offices.

PLACEMENT OF VETERANS

The placement of veterans in jobs depends in great part upon the labor market information regularly collected and disseminated by the United States Employment Service.

If the Congress paralyzes the United States Employment Service, with its machinery for the orderly movement of workers from State to State, the employ-

ment service of no State would be able to advise veterans and others of employment opportunities in other States. It would not be able to help employers find workers for jobs when such workers are not available within the State.

The research functions of the Labor Department are national functions and cannot be given to the States. If each State were to attempt its own research on national employment opportunities, job definitions and descriptions, aptitude testing, wages and hours, and so forth, the cost to the American taxpayer would be infinitely greater than the sums which are now allotted to the Labor Department for these activities.

Therefore, the members of the National Vocational Guidance Association urge the Congress to keep faith with our veterans and ex-war workers by providing the Department of Labor with funds sufficient to maintain the effectiveness of its vital functions.

Our statement that the drastic slash in the budget of the Labor Department voted by the House of Representatives would amount to nullification of the GI bill of rights warrants amplification.

EDUCATION AND TRAINING

Perhaps the most important provision of the Servicemen's Readjustment Act of 1944 was that entitling ex-servicemen education and training at the expense of the Federal Government. It was and still is the wish of the overwhelming majority of the American people that such benefits be made available with maximal effectiveness to those who risked limb and life in World War II.

Billions of dollars which are being appropriated by the Congress for the education and training of war veterans may be wasted if veterans do not receive sound guidance and counseling in planning courses of study leading to their future careers. The Congress took cognizance of this fact when it wrote into the GI bill of rights the provision that "the Administrator may arrange for educational and vocational guidance to persons eligible for education and training under this part."

The counselors for whom our association speaks are charged with the responsibility of assisting veterans plan education and training leading to occupations within the range of their opportunities, interests, and abilities. We cannot continue to discharge these responsibilities effectively, if we do not have the tools with which to work. These tools are now being provided by the Department of Labor.

The Bureau of Labor Statistics is our principal source of information on the long-term outlook in occupations. It also provides us with facts on earnings in occupations and on employment levels in all industries by States.

The budget of the Bureau of Labor Statistics, as recommended by the Bureau of the Budget, would be slashed by nearly 66 percent if the action of the House were sustained, from 6.7 to 2.3 million dollars.

This would mean a severe curtailment of occupational outlook research, so that no more than two or three occupations could be studied in a year. All local wage rate studies would have to be discontinued, as well as reports on employment levels for industries and occupations.

We now look to the United States Employment Service for information on short-term opportunities in industries and occupations. It provides us with job descriptions, occupational classifications, occupational definitions, materials for assisting disabled veterans and

other handicapped workers, aptitude tests, and other technical aids which are not elsewhere available.

The Dictionary of Occupational Titles, which is kept current by the United States Employment Service, contains a wealth of occupational information. For example, it describes the work done in nearly 30,000 different occupations, it indicates the industries in which a job applicant can find such work, it gives the level of skill of the occupation and its relationship to other occupations.

The Dictionary of Occupational Titles is known as the bible of the people in vocational guidance, placement, and personnel work. The fact that almost 75,000 copies have been bought by various agencies underlines its usefulness.

Millions of dollars of Federal funds have been invested in the dictionary, and several years have been spent in revising the early volume. It would be a shame, indeed, if the revised volume, which is almost ready for the printer, were not issued.

Neither our placement nor our vocational-guidance workers would be able to render adequate services to veterans without the tools and resource materials to which we have alluded. Crippling of the operations of the Department of Labor would vitiate the Servicemen's Readjustment Act of 1944, which states that—

Congress declares as its intent and purpose that there shall be an effective job-counseling and employment-placement service for veterans and that to this end policies shall be promulgated and administered so as to provide for them the maximum of job opportunity in the field of gainful employment.

The effect of the proposed 77-percent cut in the staff budget of the United States Employment Service would be to splinterize our national economy into 48 disjointed labor markets.

The present system of Federal-State employment service facilitates the orderly movement of workers from areas of labor surplus to areas of labor shortage. Economists can best testify as to the injurious effect on production and employment if the machinery for interstate transfers of workers were dismantled.

Members of the National Vocational Guidance Association are painfully aware of the consequences to the individual veteran, ex-war worker, or other job seeker. Occupational mobility is particularly significant in professional, semiprofessional, and technical work. Hundreds of thousands of veterans and others who are graduating from training courses in these fields are relying upon the national labor-market information of the United States Employment Service as a guide to employment opportunities in all parts of the country.

INCREASE IN COLLEGE ENROLLMENTS

The phenomenal increase in college enrollments which characterizes the postwar period is particularly relevant to the work of the Bureau of Labor Statistics. Total registration in institutions of higher learning in the United States jumped from 1,360,000 in 1939-40 to over 2,000,000 in 1946-47.

By 1949-50 college enrollment is expected to reach a peak of about 2,500,000. Although total registration may level off or fall off after veteran enrollment begins to decline, the long term is definitely upward. Estimates of aggregate college enrollment expected by 1960

vary from 2,500,000 to 3,700,000. Even after making allowance for an increasing demand for professional workers, it is difficult to escape the conclusion that many of the professions will not be able to absorb the torrent of graduates that will be streaming out of specialized training institutions.

Educators, counselors, placement and personnel workers are greatly concerned. We are depending upon the Bureau of Labor Statistics to continue its studies on the future supply of and demand for workers in professional and other fields.

It is only in this way that we can ascertain whether or not the billions that are being spent on education and training by the Government and by private institutions and individuals are being used wisely or whether they are being used to train individuals for jobs that will not exist.

A study on the future outlook in engineering, recently completed by the Bureau of Labor Statistics, is illustrative of the kind of essential work being undertaken by the Agency. The Bureau of Labor Statistics has estimated that although by 1950 there is likely to be an increase of about 100,000 in the demand for engineers over 1940, the net increase in supply may be as high as 150,000.

There may be thus a surplus of 50,000 engineers by 1950. The main reason for the expected oversupply is the anticipated increase in the number of engineering graduates from about 12,000 a year in 1940 to over 40,000 in 1950. This information which will soon be made available to educators and counselors, will have an important influence on counseling and training of young people for the engineering profession. Similar studies need to be made in other fields. They will not be made if the Bureau of Labor Statistics is starved of the funds that are required for such research.

We have emphasized the difficulty of assisting war veterans with their occupational adjustments without the research of the Labor Department because we know that no Congressman would intentionally defeat the purposes of the GI bill of rights. The same needs, however, apply to ex-war workers and to young people who will be leaving school in the years ahead.

We would be remiss in our obligations to the American people to state that the research of the Labor Department is required only for the immediate postwar period. The rapid occupational changes that characterize our economic life will necessitate an expansion of counseling and guidance services in schools, colleges, and other agencies. However, counseling services are worthless if the counselor lacks the tools and resources which can be given to him only by the Department of Labor.

The National Vocational Guidance Association is not here to save the jobs of Government employees.

We are not here to prevent a proper reduction in taxes.

We are not here to ask for subsidies for ourselves.

We are here to help preserve indispensable services to the future leaders of America.

Thank you.

Senator KNOWLAND. Are there any questions? If not, we thank you very much.

The next witness is Mr. Blaine Liljenquist, Washington representative of the Western States Meat Packers Association.

BUREAU OF LABOR STATISTICS

STATEMENT OF L. BLAINE LILJENQUIST, WASHINGTON REPRESENTATIVE, WESTERN STATES MEAT PACKERS ASSOCIATION, INC.

MR. LILJENQUIST. Mr. Chairman and gentlemen of the committee, my name is Blaine Liljenquist. The Western States Meat Packers Association, Inc., have a membership of 130 independent meat-packing companies engaged in slaughtering livestock in the nine Western States of Montana, Idaho, Utah, Nevada, New Mexico, Arizona, California, Oregon, and Washington.

These companies handle more than 90 percent of the total independent meat trade in these States. The membership of the association also includes 52 associate members consisting of companies engaged in processing meat and performing other related meat activities other than slaughtering. In the meat industry our members are known as small packers in comparison with the tremendously expanded national or big packers. The president of our association is Mr. E. F. Forbes, who has his office in San Francisco.

POSITION OF THE ASSOCIATION

We appreciate having this opportunity to appear before your committee to present our views regarding the importance of the work of the Wage Analysis Branch of the Bureau of Labor Statistics. We strongly favor reducing Federal expenses wherever practicable and feasible, and for this reason we will always keep our recommendations for Government appropriations to a minimum.

At the beginning of this year our association requested the Wage Analysis Branch to undertake a Nation-wide study of wages and hours in the meat-packing industry, and in connection with the Nation-wide study that they prepare a special report covering the nine Western States.

Many similar studies have been made for other industries to provide businessmen with essential statistics. The last such study in the meat-packing industry was prepared in 1937, so in accordance with our request a current study was commenced in February of this year.

Trained representatives of the Wage Analysis Branch, working out from their respective regional offices are right now in the packing plants gathering the data that is to be compiled and analyzed.

In the study the Wage Analysis Branch will develop unbiased information pertaining to wage rates, classification of jobs, employee insurance, vacation pay, hours of work, conditions of work, and shift differentials. This information will be the basis on which we will negotiate our labor contracts with the unions. It will also be helpful to the unions because it will provide impartial and reliable information that both the employer and the employees can depend upon.

HOUSE REDUCTION

We have recently noted in the press and in the Congressional Record that the cut in appropriations as passed in the House for the Bureau of Labor Statistics will reduce their budget request by 60 percent.

We contacted the officials of the Wage Analysis Branch and were advised that if a cut of this extent is agreed to in the Senate that it is unlikely that the study now under way in the meat-packing industry can be completed.

COMPARISON OF APPROPRIATIONS

Senator KNOWLAND. I might just interrupt at that point. I do not know whether you were here this morning or not but I might say that even with the rather drastic reduction by both the House committee and the House of Representatives which cut the amount down to \$2,373,400, that is still rather substantial when compared with the 1931 total appropriation of \$442,000. In 1936 the appropriation was \$1,084,000; in 1938, \$784,000; and as late as 1941, the total appropriation for the Bureau of Labor Statistics amounted to \$1,107,570.

In terms of the rather drastic cuts of the House of Representatives, the appropriation for that agency is still more than double what it was in 1941.

Mr. LILJENQUIST. We understood that this cut as passed by the House would be such that it might be necessary to close some of the regional offices, where the field work on this particular study is being gathered.

We wish to go on record with your committee that we believe that the statistics prepared by the Wage Analysis Branch is of great value to business, and particularly to small business. Big business can and does employ trained men to secure statistical data of this type, but small business, because of its limited capital, cannot afford this service.

It is a necessary function on the part of government to provide this type of information which might well be termed business insurance to the smaller businessmen, and in so doing the Government gives the needed information that may enable these smaller businessmen, such as the independent meat packers, to remain in business.

Our Nation should be a far more prosperous nation if small business prospers, if business is not stifled by competition of large companies, many of which have almost a monopolistic control in their particular industry.

Therefore, we would like to urge your committee to approve an appropriation for the Bureau of Labor Statistics that will enable the Wage Analysis Branch to continue to supply business with this type of statistical service.

Senator KNOWLAND. Any questions of the witness?

Thank you.

The next witness is Mr. F. H. Floyd, executive secretary of the Local Cartage National Conference.

UNITED STATES CONCILIATION SERVICE

STATEMENT OF F. H. FLOYD, EXECUTIVE SECRETARY, LOCAL CARTAGE NATIONAL CONFERENCE

Mr. FLOYD. Mr. Chairman, yesterday I was out of the office and when I came in, I had a call from this office stating that I should

have a prepared statement here, which I was unaware of, and sent over a statement that we had setting out certain historical facts.

Senator KNOWLAND. The prepared statement will be included in the record at this point.

(The statement is as follows:)

STATEMENT OF THE LOCAL CARTAGE NATIONAL CONFERENCE REGARDING NECESSITY FOR CONTINUATION OF APPROPRIATION FOR THE NATIONAL TRUCKING COMMISSION, UNITED STATES CONCILIATION SERVICE

The House Appropriations Committee has eliminated the appropriation for the "Chairman of the Trucking Commission," a grade 13 position (\$7,341.60) (Labor-Federal Security appropriation bill 1948 p. 10). This action was taken evidently without a full explanation of the Trucking Commission's work and functions having been before the House committee, and we therefore are strongly urging and requesting its restoration by the Senate committee.

The Local Cartage National Conference, Inc., a Nation-wide association of employers in the local trucking industry and the International Brotherhood of Teamsters in February 1946, agreed to establish voluntary machinery to mediate and arbitrate labor disputes in the trucking industry generally arising out of renegotiation and renewal of contracts. The success of the War Labor Board's Trucking Commission in settling and averting labor disputes had demonstrated the need for the establishment of a similar tripartite commission on a voluntary basis.

The union and the association thereupon requested the Labor Department to establish the present tripartite commission within the Conciliation Service. The commission was thereupon informally set up in March 1946 and was more formally established as the national trucking commission by the Secretary of Labor in August 1946. The public member and chairman is an employee of the Department with the industry and union members paid entirely by their own groups, receiving no compensation or expenses from the Service.

In its year's work the commission has handled some 40 cases in various sections of the country and covering all branches of the trucking industry. These disputes involved a total of some 62,000 employees and in all cases were settled without a strike. Contrary to statements contained in the House committee reports, the commission's arbitration or mediation activities all center in the field, with no "book work or planning" involved in the work of the commission.

Among employers involved were United States Trucking Co.; Ohio-Over-the-Road Employers Association; Brinks, Inc.; Madison (Wis.) Cartage Exchange; Racine (Wis.) Coal and Fuel Dealers; Los Angeles Dairy Industries; Associated Transport, Inc.; Safeway Stores; Chicago Retail Furniture Association; Trans-American Freight Lines; Chicago Local Cartage Exchange; Carriers Council of New Hampshire; Motor Truck Association of Southern California; Canton (Ohio) Motor Carriers Association. In each arbitration case the union and the employer voluntarily agreed to accept the decision of the commission as final and binding and in each case the terms of the award were embodied in a contract without a strike or work stoppage.

The commission has received national comment and its work discussed by the United States News January 3, 1947, "Growth of Reliance on Arbitration"; Business Week, March 1, 1947, "For Arbitration"; Associated Cartage Interests, February 1947, and "Labor and Transportation"; Railway Executive Association, May 1946.

The industry is of the opinion that the small cost to the Government has proved itself well justified and the industry urges most strongly the restoration of the salary for the chairman and the continuance of the trucking commission in the Conciliation Service.

F. H. FLOYD,

Executive Secretary, Local Cartage National Conference.

APRIL 7, 1947.

Mr. FLOYD. May I be permitted a few moments to supplement that statement?

Senator KNOWLAND. Certainly.

Mr. FLOYD. My name is F. H. Floyd, and I am the executive secretary of the Local Cartage National Conference which is the National

Association of Motor Truck Operators doing business within the cities and suburban territories, perhaps employing 50 percent of the people working in the trucking industry, although there are no authentic figures available to substantiate this figure.

MAKE-UP OF NATIONAL TRUCKING COMMISSION

I am almost totally unacquainted with the details of the operations of the Labor Department except for the operation of the national trucking commission, a tripartite commission on which I represent the local cartage industry, Frank Tobin represents the International Brotherhood of Teamsters, Chauffeurs, Warehousemen and Helpers, and Jay Oliver, the chairman of the commission and an employee of the Department of Labor, represents the public.

That neither the industry nor labor representatives receive any compensation or expense money from the Government, but carry on this activity as a means of preventing costly strikes and work stoppages in our industry and that during our short period of activity we have arbitrated or mediated some 40 cases involving some 60,000 employees and now we have before us for arbitration on April 24 the California case involving all trucking employees in southern California, where a blanket contract covers local cartage and over-the-road operations, and the over-the-road operators of northern California and which involves approximately 25,000 employees. The entire commission will hear this case in Los Angeles.

LETTER TO SECRETARY SCHWELLENBACH

The work of the national trucking commission is one of voluntary arbitration and mediation primarily of renegotiation of contracts and the figures we have submitted here and in our statement of historical facts are not built up to make a record but are actual cases handled and do not reflect such activities as related in the letter of the Cartage Exchange of Chicago to Hon. Lewis Schwellenbach, from which I quote:

I am writing this letter to you to advise you of the invaluable service rendered by members of the national trucking commission during the period of these negotiations beginning in October 1946.

From the inception of negotiations the writer had frequent occasion to speak personally and by telephone with Mr. Jay Oliver, chairman of the national trucking commission; Frank Tobin, labor member of the commission, and Frank Floyd, industry member of the commission. The advice and suggestions given by those members of the commission, I must say, were substantially responsible for the final adjustment worked out.

Mr. Oliver conferred with the parties on many occasions. On the evening of January 4, 1947, the parties arrived at a tentative agreement which was set forth in a signed memorandum of the parties.

On Friday, January 3, 1947, a meeting of the rank and file of the international local rejected an offer of the employers which substantially embodied the conditions and wages of the final settlement. After the tentative agreement was reached on the following day the Cartage Exchange of Chicago requested Mr. Oliver to come to Chicago and render such advice, aid, and suggestion as he might, prior to a second rank-and-file meeting of the international union that was scheduled for Wednesday evening, January 8, 1947.

It is gratifying for me to advise you that as a result of a secret ballot held on Wednesday evening, January 8, 1947, the members of this union voted 3,200 to 28 in favor of the proposal made by the employers.

The presence of Mr. Oliver and his advice and consultation with the union representatives I feel is in a large measure responsible for the final outcome of the union vote.

The commission at all times was standing by and ready to intervene in the event that the parties could not agree between themselves. Certainly their participating in the successful settlement of this adjustment, which was most difficult, is a strong vindication of the establishment of this commission.

The disastrous results of the strike in New York City would have been multiplied if there had been a repetition of such work stoppage in the Chicago area, because of the strategic railroad importance of Chicago.

The ill effects of the New York strike, we understand, are still being felt and while the trucking commission did not actually arbitrate this final adjustment, their advice and consultation as mediators went a long way toward arriving at the final settlement.

Certainly mediation is a far more preferable mode of settlement of wage disputes than arbitration. The efficacy of the commission's function in the Chicago case is in strong contrast to the results accomplished by the mediation authorities of the State of New York and the city of New York.

Again we reiterate our extreme appreciation for the efforts contributed by the National Trucking Commission in effectuating the wage adjustment in Chicago.

I unfortunately have no record of the times either Mr. Oliver, Mr. Tobin, or myself, have furnished this type of service. Our only record reflects actual cases that were voluntarily submitted to us for settlement by mediation or arbitration.

When the House committee considered means of effecting economies, I am advised that they had no record of the work of the National Trucking Commission and only a very brief reference to our activity, and not directly as such, is contained in the proposal covering the Conciliation Service of the Labor Department. Subsequent investigation reveals the fact that other consideration might have been given us had the facts been known.

COMMISSION COST TO GOVERNMENT

During the time we have been functioning the National Trucking Commission has cost the Government \$11,435, divided as follows: Salary of chairman, \$7,329; salary of secretary, \$2,544; travel expense, \$1,521. Arbitrators' fees in many of these cases would have run from \$2,000 to \$5,000 each.

We believe we have established a pattern that will be greatly enlarged upon and that if this committee sees fit to restore the small item covering the chairman's salary, all other expense is covered by departmental expenses, you will have done something that will be, not only commendable, but will restore a service that is being carefully watched by many other organizations; for example, the Railway Labor Executives report on "Labor and Transportation," says:

Worthy of note are the activities of the arbitration panel recently formed under the auspices of the Department of Labor * * *.

and many other publications such as the News, I believe, and in other leading publications, we have received such commendable remarks.

To now eliminate this small item means that it would have the stamp of disapproval of Congress and would certainly mean an end of our work which has done so much in the past few months to prevent strikes.

The cartage industry has endorsed this activity and I am sure it will be justly appreciative of anything you can do to see such service continued.

Thank you.

Senator KNOWLAND. Are there any questions?

Thank you, very much.

I would just like to observe that for some three and a half weeks now we have been attending hearings on both the Treasury and Post Office subcommittees, and on this one, and I happened to have been one who did not support the House reduction of \$6,000,000, but rather the moderate Senate reduction of \$4,500,000, but in those 3 weeks of hearings I have yet to have a witness come before this committee and urge that the economies be maintained.

Without exception, I think, every witness we have had before either committee has been urging an increase in appropriations, which is merely an interesting sidelight on one of the problems an appropriations committee has in trying to save some money for the taxpayers of the United States.

That was not directed to the last witness, I can assure you, but just a general observation.

The next witness is Miss Elizabeth A. Smart, in behalf of the National Woman's Christian Temperance Union.

CHILDREN'S BUREAU

STATEMENT OF MISS ELIZABETH A. SMART, NATIONAL WOMAN'S CHRISTIAN TEMPERANCE UNION, WASHINGTON, D. C.

MISS SMART. I am Miss Elizabeth A. Smart. My address is 100 Maryland Avenue NE., Washington, D. C. I am representing the National Woman's Christian Temperance Union.

The National Woman's Christian Temperance Union has never indiscriminately urged appropriations from Congress for Government bureaus. We are thoroughly in accord with an economy program on Government spending. But there is one phase of budget reduction contained in H. R. 2700 which goes further than economy, which would prove a major disaster to the United States, and which consequently we view with alarm.

HISTORY OF BUREAU

The Children's Bureau was approved April 7, 1912, and set up under the Department of Commerce and Labor. When a separate Department of Labor was established March 4, 1913, the Children's Bureau was installed therein.

This choice of location indicates very definitely one of the most important reasons for its coming into being, the demand on the part of the general public, and particularly of women's organizations, that something be done to mitigate the lot of children in industry. And largely through its efforts many of the most flagrant and appalling abuses in the employment of children who should have had their childhood, and the hazards encountered by children who were obliged to be gainfully employed, were removed.

TRANSFER TO FEDERAL SECURITY AGENCY

The Seventy-ninth Congress at the request of the President passed a reorganization act which separates the functions of the Children's Bureau relating to health and welfare from those relating to child labor and sent them to the Federal Security Agency. The child labor functions were absorbed into the Division of Labor Standards but to some extent retained their identity as the Child Labor and Youth Employment Branch of that Division.

REDUCTIONS IN APPROPRIATIONS TO BUREAU

The appropriations for this work were cut during the war period, as shown by the following:

1940-----	\$341, 720	1944-----	\$254, 000
1941-----	317, 000	1945-----	¹ 247, 144
1942-----	308, 623	1946-----	² 262, 000
1943-----	280, 660	1947-----	³ 301, 761

¹ Plus \$36,856 for overtime under extended hours during the war.

² Increase over 1945 is amount required to pay salary increases authorized by law.

³ Increase of approximately \$21,000 for research in youth employment field; the remaining \$18,761 was for salary increases provided for by law.

It will be seen that only one increase was for other than necessary overtime and salary increases required by law, and that this did not bring it up to the amount of the 1940 appropriation.

TRANSFER OF YOUTH EMPLOYMENT FUNCTIONS TO WAGE AND HOUR DIVISION

Under the proposed bill, which completely abolishes the Division of Labor Standards and transfers the child labor, youth employment functions to the Wage-Hour Division, not only is this already very small appropriation cut to \$154,097, but it is not even earmarked for child labor, youth employment; and the appropriation for the Wage-Hour Division has been cut between 22 and 25 percent.

NEED FOR PROTECTION OF CHILD LABOR

Representatives of this Division testified they were only able now to get around to 8 percent of the plants. During the war, child labor standards were generally let down, child labor laws violated, and there is a great need if this protection is not to be lost altogether that there should be a greatly increased effort to prevent violations.

It is our fear, based on experience, that when the needs and rights of children are merged in those of adults the rights of the children will be lost sight of. They are more helpless than adults to enforce their rights and their peculiar claim to public sympathy is lost when it becomes complicated with the highly emotional tensions now connected with the adult labor problems.

This bill would, we fear, in effect administer the coup de grace to child labor, youth employment as an effective function of government. The Wage-Hour Division is concerned solely with checking violations. The services of the former Children's Bureau in developing amicable adjustments through which the interests of children were protected

and in working out problems arising in connection with children in industry will be lost.

The American public wants relief from taxation but, we do not believe they want a saving of some \$150,000 to \$175,000 at the expense of underprivileged American childhood.

Surely the Congress of the United States cannot seriously desire a return to the sweatshop conditions of the 1880's. We appeal to your committee in its wisdom to remedy what appears to have been hasty and ill-considered action in this matter and to restore to the Child-Labor Youth Employment Branch its separate identity and its small fund of \$301,761 as for 1947.

Thank you.

Senator KNOWLAND. Are there any questions? If not, thank you very much, Miss Smart.

Miss SMART. Thank you, Senator.

Senator KNOWLAND. Miss Elisabeth Christman, secretary-treasurer of the National Women's Trade-Union League of America.

WOMEN'S BUREAU

STATEMENT OF ELISABETH CHRISTMAN, SECRETARY-TREASURER, NATIONAL WOMEN'S TRADE-UNION LEAGUE OF AMERICA, WASHINGTON, D. C.

Miss CHRISTMAN. Mr. Chairman and members of the committee, I am Elisabeth Christman, secretary-treasurer of the National Women's Trade-Union League, and I am authorized to speak for a number of national women's organizations in behalf of the Women's Bureau of the Department of Labor. Attached is a list of the organizations that I am representing here today.

(The list of organizations is as follows:)

List of organizations represented by Elisabeth Christman in her statement in support of the Women's Bureau appropriation, before the Subcommittee on Federal Security and Labor, Senate Appropriations Committee, April 10, 1947:

- American Association of University Women.
- American Medical Women's Association.
- Girls' Friendly Society.
- National Consumers' League.
- National Women's Trade-Union League of America.
- United Council of Church Women.
- National Council of Jewish Women.

Miss CHRISTMAN. My purpose in appearing is to present the appeal of these groups for the full support by this committee of the program of the Women's Bureau through provision of the budget appropriation originally requested by it. At the time of the House committee's consideration of this budget, many groups of citizens who use the Bureau's services, petitioned the Congress not to discontinue or curtail the Bureau's work. There are letters from these organizations officially on file in the House committee records, and I mention them here in order that this committee may, if that is possible, consider those statements by the organizations I represent, as part of its official record as well.

SUPPORT OF WOMEN'S BUREAU

Women's organizations support the Women's Bureau because they get from it information and services that they consider essential in the promotion of their programs. Some of the organizations have large numbers of members who are gainfully employed. Others have few, if any. But regardless of that, they all have a direct concern in the establishment and maintenance of at least decent minimum wages, employment conditions, and training opportunities for women workers as necessary preliminaries for them to take their places as citizens and to fulfill their obligations to their families.

SERVICE RECEIVED

Ever since the days when their prime objective was the right of franchise, women generally have seen it in a tool for improving the life of their city, State, and Nation. They have always regarded the improvement of the earnings and the other working conditions of employed women as a high priority item on that program. Members of our organizations know something at first hand of the obligations other women carry for the support of the young children, for guiding their adolescents into suitable employment, for protecting the health and the future earning capacity of their daughters. But those individual experiences and the concern which has grown out of them are not sufficient basis for a program.

It is at this point that we turn to the Women's Bureau and ask at what ages do women go to work in these days? - Do they stop working when they marry? - Do they work when they have young children? After their children have grown up? What do they work at? How much do they earn? How much are they unemployed, victims of accidents, of industrial disease? What are their hours, their dependents, their home responsibilities, their skills, their training opportunities?

Out of the answers to such questions and related ones, we build our programs and take action regarding the status of women workers. Sometimes the matter is purely one of informing our members or our community on the facts of the situation—what are the employment opportunities for women in a given city or State, what does it cost a workingwoman to live.

Sometimes we need information on which to judge the validity of a voluntary program. Often, we want information and judgment as to the value of legislative proposals affecting the position of workingwomen. In Congress and in the 48 States it is you, gentlemen, and your colleagues and predecessors who have helped us get rid of the overlong days, overlong weeks, the inadequate wage scales from which women have suffered in such large numbers.

NEED FOR ADEQUATE AND IMPARTIAL DATA

In our proposals to amend those programs, in our consideration of related programs that are our current concern, we want adequate and impartial data on which to base our choices and decisions. In fact our whole economy will benefit by our decisions if knowledge of

work conditions is based on information secured from a reliable Government agency—in our case the United States Women's Bureau—rather than what we can, unaided, collect for ourselves.

RESPONSIBILITY OF WOMEN'S TRADE UNION LEAGUE

The Women's Trade Union League has one responsibility which is not a major responsibility of the other organizations that I am representing. That is to assist and promote the interests of 31½ million women who are members of trade unions. They are workers in the clothing trades, textiles, gloves, millinery, electrical products, and automobiles—all large women-employing industries. In all these industries collective bargaining has been established. In the old days, when our experience and information was very limited, our representatives would go to an individual employer with a proposed contract in one hand and nothing much else except a determination to negotiate an agreement. We had no figures, we knew little about the industry on a broad basis, or what conditions would make for optimum efficiency, beneficial to both the worker and the employer.

As a young glovemaker, I was on negotiating committees, I remember going into one of the large glove factories in the Middle West where I was employed for a great many years with almost no data. I did not know anything about any other industry. We had no data. I could tell you a very interesting story how I finally got some data from Washington when I only knew a half name here.

I had never heard of an agency. I will not tell you how many years ago this was.

Things are different now. Experienced trade-union representatives know that they have to consider a lot of things when they are negotiating a contract. They know that they must get their information from a reliable and impartial source. From my own personal experiences as a negotiator I am keenly aware of the wide range of things that we need to know. We must have accurate figures on earnings, on productivity, on length of the workday, on the effects of different methods of wage payment such as bonus and other types of incentive plans. We need to know about working conditions in an industry, the influence of surroundings on health, the skills a worker must have to do a particular job, the amount of training she must have, the number of women who are available for work, and what the women who worked in war plants and need to keep on working are doing now when their war jobs are gone.

All union women do not have available to them facilities to investigate these questions. The Women's Trade Union League does not have a research staff. Some of the larger unions, of course, do have such facilities, but a great many women belong to small unions that do not have the money or trained personnel to make their own studies.

Statistics is a very specialized job. I do not know anything about statistics and neither do a great many of the women who belong to unions. We do have to rely on the Government for furnishing accurate information.

There are a great many of these, and they are the ones who need help if they are to do their share toward maintaining industrial peace.

VALUE OF STUDIES MADE BY WOMEN'S BUREAU

Over long years the Women's Bureau studies have been an invaluable, an indispensable, source of the statistical and other information we so sorely need. It would cut the ground from under our efforts—we could not handle our problems intelligently—if the Women's Bureau's impartial and reliable contributions to knowledge were curtailed.

UPWARD TREND IN GAINFUL EMPLOYMENT OF WOMEN

Census figures since 1870 have indicated a constant upward trend in the proportions of women who are gainfully employed. All the signs indicate that this trend will go on, with even greater increase as our industrial society becomes more complex. Growing economic responsibilities have a direct effect on women's political and civil status. If women are working for wages, they want to be sure that they can collect their own earnings; if they are in business for themselves, they must have the independent right to make contracts and to transfer property; when they have children, they must be assured the use of their money for the welfare of those children. State laws on all these matters vary widely.

In some States married women still do not have complete freedom to collect or control their own earnings or to carry on a business independent of their husband's consent, or to exercise equal guardianship rights over children. The Women's Bureau is the only agency in this country, either public or private, which has made or is making comprehensive and continuing investigations in these fields of law. We turn automatically to the Women's Bureau for this information and we need more rather than less of it.

WORK IN INTERNATIONAL FIELD OF WOMEN'S INTERESTS

May I make a special plea to have added to the Women's Bureau appropriation a sum sufficient to do necessary work in the international field of women's interests. We are aware that our Government has undertaken heavy international commitments. Women citizens, in line with their civic responsibilities are undertaking a program of cooperation with women in other countries to improve the civil and economic status of women everywhere. We are doing this through established agencies in the United Nations and the International Labor Organization, namely, the Commission on the Status of Women, the Commission on Human Rights of the United Nations, and the Section of Women's Work of the International Labor Organization. It looks to us that the Women's Bureau will receive calls for assistance for digests and analyses and comparative materials on which the women's organization will wish to act. You know—and we know—that it takes funds to do this work.

The local and State branches of our organizations also use and benefit by the work of the Women's Bureau. Our members serve on many local and State boards concerned with the welfare of women workers. As labor and public members they frequently serve on wage boards in the 26 States that have minimum wage laws, and so I know at first hand the volume and quality of the technical assistance needed by citizens engaged in such duties.

TECHNICAL STUDIES

The Women's Bureau has published a number of technical studies such as its analysis of minimum wage orders—Bulletin 191 with several additions that keep it up to date—and analyses of hours and working conditions laws. I could name others which are essential equipment to people serving on such bodies. But my time is limited. Let me therefore add only that while we were gratified by the House action in granting the present appropriation we do in the light of the program mentioned here strongly urge your committee to restore the \$40,600 that was disallowed by the House. We are relying on you to help by providing the funds that we know are needed by the Women's Bureau in both the national and international fields.

Senator KNOWLAND. Are there any questions? If not, thank you very much.

LETTER FROM VETERANS OF FOREIGN WARS

VETERANS' EMPLOYMENT SERVICE

Senator KNOWLAND. Just before Mr. Williamson begins, I have a letter here from Mr. Omar B. Ketchum, director, national legislative service, Veterans of Foreign Wars of the United States, directed to Senator Styles Bridges, under the date of April 1, 1947, which I will ask to go in the record at this point.

(The letter is as follows:)

VETERANS OF FOREIGN WARS OF THE UNITED STATES,
NATIONAL LEGISLATIVE SERVICE,
Washington, D. C., April 1, 1947.

Senator STYLES BRIDGES,
Senate Office Building, Washington, D. C.

MY DEAR SENATOR BRIDGES: The Veterans of Foreign Wars is concerned over the action taken by the House in sharply reducing the appropriation for the Veterans' Employment Service for the fiscal year of 1948.

Employment of veterans has generally been recognized as a national problem by Congress. Considerable emphasis has been placed on the rehabilitation of the veteran. It is our contention that, regardless of pensions or any other benefits provided, the veteran will not be actually rehabilitated until he has been placed in a suitable, gainful, and full-time job.

We estimate that the House action will wipe out all of the field assistant positions set up in the States under the 1947 program. Although this program has been in effect only a few months, we believe the results not only justify but necessitate continuation. Official records of the Veterans' Employment Service show that 320 field assistants made 20,969 employer visits during the month of January 1947, and 23,747 job orders were obtained for veterans. During the month of February 26,074 employer visits were made and 24,709 job orders were obtained.

We do not agree with House committee conclusions that the VES field assistants are duplicating services now furnished by the local employment service offices. We would like to point out that these men are putting in full time soliciting job orders for veterans and that they have been selected for their ability and trained to do the job. Due to local office traffic and the handling of unemployment compensation claims it is impossible for the local office personnel to devote sufficient time to soliciting jobs. We believe it more important to place a veteran on a job than to place him on the unemployment compensation rolls.

This is not a plea to save the jobs of some 320 veterans who are serving as VES field assistants. We are concerned with the effect the elimination of this service will have on the over-all veteran employment program.

The Veterans' Employment Service, with not less than one representative in each State, was deemed necessary in 1933 to provide special employment assistance for a veteran population estimated at around 4,000,000. It is unreasonable

to suggest that the present-day veteran population estimated at 18,000,000 deserves an enlarged program of special employment assistance? We are appealing to the Senate to restore the hasty and unwise reductions made by the House in appropriations for the Veterans' Employment Service.

Respectfully yours,

OMAR B. KETCHUM,
Director, National Legislative Service.

UNITED STATES EMPLOYMENT SERVICE

VETERANS' EMPLOYMENT SERVICE

STATEMENT OF JOHN C. WILLIAMSON, ASSISTANT LEGISLATIVE DIRECTOR, VETERANS OF FOREIGN WARS

Senator KONWLAND. The next witness is Mr. John C. Williamson, assistant legislative director, Veterans of Foreign Wars:

Mr. WILLIAMSON. Mr. Chairman and members of the subcommittee, I am here today to interpose a plea for the United States Employment Service and the Veterans' Employment Service in behalf of the approximately 2,000,000 overseas veterans of our organization. When I state that I am speaking this morning for the rank and file membership of the Veterans of Foreign Wars, I mean that our position with respect to USES is not the creature of a few of us here in Washington yielding to the pressures and blandishments of various interests and groups.

RESOLUTION ON PUBLIC EMPLOYMENT SERVICE

I substantiate this by presenting for insertion in the record at this point a copy of the resolution which was developed on the local level of the Veterans of Foreign Wars, approved on the State level, and forwarded to the national encampment in September 1946, where it was approved unanimously by the thousands of delegates present.

(The resolution is as follows:)

RESOLUTION No. 399—PUBLIC EMPLOYMENT SERVICE

Be it resolved by the Forty-seventh Annual Encampment of the Veterans of Foreign Wars of the United States, That in order to give fullest assistance to veterans in the solution of their employment problem, the public employment service in each locality should provide convenient placement facilities, an effective job placement service, continuous and thorough promotion of employer use of the United States Employment Service, professional counseling assistance to veterans in making the best occupational choice, and special selective placement assistance to disabled veterans; and be it further

Resolved, That these services be Nation-wide without variation in quality and be guaranteed through adequate financing and staffing of the United States Employment Service and the Veterans' Employment Service; and through the promulgation and enforcement of national standards for the operation of the local employment offices so that the Federal Government's responsibilities to veterans in the field of employment may be carried out to the fullest extent.

Mr. WILLIAMSON. In brief, this resolution urges the Congress of the United States to provide public employment services that are Nation-wide without variation in quality, and that these services be guaranteed through adequate financing and staffing of the United States Employment Service and the Veterans' Employment Service and through the promulgation and enforcement of national stand-

ards for the operation of the local employment offices so that the Federal Government's responsibilities to veterans in the field of employment may be carried out to the fullest extent.

SUPPORT OF WAGNER-PEYSER ACT

The Veterans of Foreign Wars has supported the Wagner-Peyser Act from its inception in 1933, recognizing then as now the incontrovertible fact that the question of employment was implicit in the so-called problem of the veteran. We recognized then as we have throughout the years that any function of government which acts to bring the job and the man together represents at least a partial solution to the complexities of our economy which periodically founders and contributes to recessions or depressions.

When the USES and VES items were being considered by the House we were not conscious of the fact that the Wagner-Peyser Act was to be relegated to a nullity which was tantamount to outright repeal. We were perhaps naive in believing that the USES and VES budget estimates would be subjected to only the exigencies of economy. That was perfectly alright with us. No right-thinking individual is opposed to economy in any measure affecting the public purse.

I shall try to develop before the end of this statement the costliness of the type of economy exemplified by the House cuts.

However, what was brought forth from the House Committee on Appropriations was not an economy-pruned appropriation item for the United States Employment Service. It was an almost unrecognizable mass identified with difficulty by interested observers as the corpse of the Wagner-Peyser Act of 1933.

AMOUNT OF HOUSE REDUCTION

In the budget message the President requested \$3,912,000 to carry out the objectives of the Wagner-Peyser Act for the fiscal year of 1948. The House approved only \$900,000 of this—a slash of 77 percent. We are greatly concerned as to how this cut will affect the services required by law to be performed by this agency. Here are, in our opinion, the inescapable conclusions:

EFFECT OF HOUSE REDUCTION

1. Unless the House-cut funds are restored, the United States Employment Service will be unable to establish and obtain adherence to minimum standards of operation for the State employment offices; and without minimum standards of operation the employment service guaranteed the veterans in the Servicemen's Readjustment Act of 1944 will inevitably deteriorate. Unable to exercise sufficient supervision to enforce minimum standards of operation, the USES will function as a mere fiscal agent distributing the \$71,000,000 appropriated by the Congress for the State employment offices. Without supervision, how much of this \$71,000,000 of Federal funds will be uselessly expended in the maintenance of State employment offices that are substandard in operation? The answer in dollars and cents will not

be less than the amount of money involved in the budget estimate for the United States Employment Service.

2. Unless the House-cut funds are restored, the United States Employment Service will be forced to eliminate its analysis and distribution of job-opportunity information for specific occupations, industries, and labor-market areas. This type of activity is clearly required in both the Wagner-Peyser Act and the Servicemen's Readjustment Act, and is basic to the maintenance of a Nation-wide network of employment offices and the coordination of their activities. Without this service, there can be no effective employment counseling and placement service for veterans and nonveterans alike. Unless the House-cut funds are restored, the United States Employment Service will be unable to continue its selective placement service for disabled veterans and the physically handicapped. We seriously doubt whether the States themselves could undertake this kind of activity with any reasonable degree of success. The reason for this is that labor-market areas cross State lines, and employment problems in each State are national problems. If each State attempted to duplicate this service, the aggregate cost would far exceed the amount involved in the existing centralized collection and exchange of job-opportunity information.

For several years hence the national characteristic of the public employment service will be greatly emphasized by the release of millions of veterans finishing their education under the GI bill of rights. Millions of others are presently in stopgap jobs. Both classes represent a dynamic force which knows no geographical labor-market boundaries. We urge you, therefore, to keep intact and in operating order this national phase of our cooperative Federal-State program.

VETERANS' EMPLOYMENT SERVICE

AMOUNT OF INCREASE REQUESTED

I am bringing up the House-cut appropriation for the Veterans' Employment Service separately in this statement but I wish to emphasize that it is by no means a separate problem, it is so integrated with the United States Employment Service; and during the consideration of this item before the House subcommittee the Veterans of Foreign Wars urged that this appropriation be increased by an additional \$1,250,000 in order to permit a more effective carrying out of the mandate of the Congress as expressed in the Servicemen's Readjustment Act of 1944. However, the appropriation for the VES as approved by the House reflected a cut of 34 percent in the President's request.

WORK OF FIELD ASSISTANTS

Ninety-five percent of the personnel of the VES are in the field, the greater percentage of whom devote their full time to job-development programs for veterans. The constant reports we have received from our posts and departments as to the effective functioning of these field assistants justify our plea in their behalf and our concern for the resultant deemphasizing of job placement for veterans at this time when the readjustment allowances paid unemployed veterans approximate almost \$23,000,000 per week.

VETERANS' EMPLOYMENT SERVICE DEPENDENT ON USES

Let me emphasize again that the function of the VES is one of bringing the veteran and the job together. However, the VES is dependent upon the USES for their technical and housekeeping services. Therefore, a marked lessening of the activity of the USES might very well reduce the VES to impotence, or will increase their responsibilities, thereby aggravating to disastrous proportions their already slashed appropriations.

COST OF PAYMENTS TO UNEMPLOYED VETERANS

Title V of the Servicemen's Readjustment Act of 1944 provided that any unemployed veteran, subject to certain conditions, is entitled to \$20 per week for each week of military or naval service, not to exceed 52 weeks. This year of eligibility may run any time within 2 years after discharge or 2 years after the end of the war, whichever is later. The cumulative amount of money expended pursuant to this title is approximately \$1,700,000,000; and current expenditures of readjustment allowances is, as stated before, approximately \$23,000,000 per week.

The significant fact to bear in mind is that this expenditure has occurred and is occurring at a time when our national economy is characterized by almost peak production and full employment. It is important to note this ominous fact that when the lay-offs commence in our great industrial plant the first to go will be the millions of veterans whose seniority is of postwar inception. Will then the local public employment office concern itself in the main with the timely payment of readjustment allowances, or will it be prepared to give the veteran an effective scientifically conceived job-placement service? The answer and the resultant responsibility rest with this Congress.

VALUE OF PROGRAM THAT SHORTENS UNEMPLOYMENT PERIOD OF VETERANS

Here is what I am driving at. Two forces may operate to keep this enormous expenditure of readjustment allowances down: (1) A continued high level of employment, and (2) an effective cooperative Federal-State program of public employment offices. Any program which can operate to shorten the period of unemployment of veterans during these next several years will pay off in untold millions of dollars in Federal funds irrespective of the greater good which would obviously be accomplished. This one factor alone is well worth the investment of \$3,900,000 to keep the United States Employment Service a going concern and the \$2,656,000 to keep the Veterans' Employment Service in a working, not skeletonized, state of operation.

I want to cite one example there. The Veterans' Employment Service in February of this year placed 29,000 veterans in jobs. If it were not for the VES, it is very probable all of these 29,000 jobs would have been filled, but they would have been filled later, maybe a week or two later; but if on the average there would have been a delay of 1 week in the placement of those veterans and those veterans were registered in those offices for that week long, there would have been an outlay of \$600,000 in readjustment allowances.

So the VES in February at least for 1 week saved the United States \$600,000. That is why I want to emphasize the importance of keeping the Veterans' Employment Service a going concern.

In behalf of the Veterans of Foreign Wars, I earnestly beseech this subcommittee to restore the funds so indiscriminately slashed by the House of Representatives, and to insist on their retention in conference.

Thank you.

Senator KNOWLAND. Are there any questions? If not, thank you very much, Mr. Williamson.

FEDERAL SECURITY AGENCY

AMENDMENTS REQUESTED

Senator KNOWLAND. We will start on the Federal Security Agency at this time.

The committee will run until about 4:15, possibly 4:30, seeing how far we get along, and then we will recess until tomorrow morning and continue with the Federal Security Agency.

For the record here, we have a letter from the Administrator with some other information to go into the record at this point.

(The letter is as follows:)

FEDERAL SECURITY AGENCY,
Washington, April 1, 1947.

HON. WILLIAM F. KNOWLAND,
United States Senate, Washington 25, D. C.

DEAR SENATOR KNOWLAND: As requested in your letter of March 21, the attached pages indicate by page and line of House Resolution 2700, as reported to the House, changes which will restore the greater part of the reductions made by the House. These restorations are deemed absolutely necessary for the Federal Security Agency. Each suggested change is accompanied by an explanation.

With reference to the item of \$100,000 for certification services for the Food and Drug Administration, this amount is included in Senate Document 20, and does not represent an appeal from action by the House. This increase over the amount allowed by the House is necessary due to the enactment of Public Law 16, Eightieth Congress, approved March 10, 1947. The late passage of this law precluded consideration by the House at the time of the hearings on our estimates. The cost of this service will be entirely offset by the collection of fees to be deposited in the general funds of the Treasury.

If there is anything more desired by your committee, please advise me.

Sincerely yours,

WATSON B. MILLER, *Administrator.*

FEDERAL SECURITY AGENCY

BUREAU OF EMPLOYEES' COMPENSATION

SALARIES AND EXPENSES

(Estimate, fiscal year 1948, \$1,476,000; total anticipated 1947, \$1,558,080)

(Page 10, line 25)

Page 10, line 25, strike out "\$1,276,000" and insert in lieu thereof "\$1,476,000."

Justification

Request is made for the restoration of \$200,000 reduction by the House of Representatives in the appropriation for "Salaries and expenses, Bureau of Employ-

ees' Compensation," fiscal year 1948. It is apparent that the reduction was made principally on the basis of prospective large reductions in Federal personnel in the next several months below the number envisioned in the President's estimate for 1948. The presumption that such reduction in coverage would be reflected in an immediate reduction in compensation claims is contrary to the result which may be expected based upon past experience. Previous reductions in force were invariably followed by an increase in applications for compensation in old cases, and the presentation of claims for old injuries. Furthermore, only about half of this appropriation is for the administration of Federal employee claims. The balance provides for the administration of the Longshoremen's Compensation Act applicable to private enterprise on navigable waters of the United States and foreign contract work. An increase in work is anticipated in respect to the latter coverage.

EMPLOYEES' COMPENSATION FUND

(Estimate 1948, \$10,750,000; total anticipated 1947, \$14,100,000)

On page 12, line 2, strike out "\$10,000,000," and insert in lieu thereof "\$10,750,000."

Justification

This appropriation is intended to cover all benefits payable from the employees' compensation fund established by section 34 of the Federal Employees' Compensation Act of September 7, 1916. As pointed out to the House committee, it has not been possible to rely upon the usual methods for determining probable obligations payable from this appropriation. Reliable information as to the probable employment coverage, particularly in connection with foreign operations, is not available in advance, and the Bureau is unable to project probable future cost with any certainty. This appropriation may not be used for any purpose other than payment of statutory benefits and therefore expenditures therefrom are not primarily a matter of administrative discretion. The appropriation should be sufficiently ample to meet all benefit payments.

As pointed out in the House committee report for fiscal year 1948: "Under the law, a legal obligation accrues against the Government once a claim is adjudicated, and, of course, provision for payment thereof becomes mandatory and it will be necessary to appropriate whatever amount is required."

The request contained herein seeks the restoration of \$750,000 to the amount appropriated by the House in H. R. 2700 to provide for the full amount requested for 1948.

(Estimate, 1948, \$10,750,000; total anticipated, 1947, \$14,100,000)

On page 12, line 2, strike out "\$10,000,000," and insert in lieu thereof "\$10,750,000."

Justification

This appropriation is intended to cover all benefits payable from the employees' compensation fund established by section 34 of the Federal Employees' Compensation Act of September 7, 1916. As pointed out to the House committee, it has not been possible to rely upon the usual methods for determining probable obligations payable from this appropriation. Reliable information as to the probable employment coverage, particularly in connection with foreign operations, is not available in advance, and the Bureau is unable to project probable future cost with any certainty. This appropriation may not be used for any purpose other than payment of statutory benefits and therefore expenditures therefrom are not primarily a matter of administrative discretion. The appropriation should be sufficiently ample to meet all benefit payments.

As pointed out in the House committee report for fiscal year 1948, "Under the law, a legal obligation accrues against the Government once a claim is adjudicated, and, of course, provision for payment thereof becomes mandatory and it will be necessary to appropriate whatever amount is required."

The request contained herein seeks the restoration of \$750,000 to the amount appropriated by the House in H. R. 2700 to provide for the full amount requested for 1948.

TRAVELING EXPENSES

(Estimate, 1948, \$52,500; total anticipated, 1947, \$52,500)

(Explanatory note: The amount requested for restoration hereunder for this organization is included in the central appropriation for this purpose under the Office of the Administrator.)

The estimate of appropriation for traveling expenses is intended to cover all the necessary expenses connected therewith in the administration of the various laws under the jurisdiction of the Bureau of Employees' Compensation, both in and outside continental United States.

Under H. R. 2700, as passed by the House, the Bureau would receive \$19,350 less for this purpose than estimated for the fiscal year 1948. A restoration of this amount is requested, since the Bureau's experience indicates that a more general investigation of claims would be advantageous to the Government in certain types of compensation cases, and in others it is essential to determine the rights of the parties and to properly administer the law. To do this it would be necessary to make investigations in the field to develop facts in connection with claims and to conduct hearings upon claims at locations in which there may be any employment within the scope of the law.

PRINTING AND BINDING

(Estimate, 1948, \$25,070; total anticipated, 1947, \$20,000)

(Explanatory note: The amount requested for restoration hereunder for this organization is included in the central appropriation for this purpose under the Office of the Administrator.)

The Bureau is requesting a restoration of \$10,153 to the amount which would be allowed for 1948 from the central appropriation under the House allowance for printing and binding. This increase is necessary to cover the cost of printing revised regulations, laws, and claim report forms. Revised editions are necessary because of statutory changes and the abolition of the Employees' Compensation Commission.

FOOD AND DRUG ADMINISTRATION

SALARIES AND EXPENSES

(Estimate, 1948, \$4,129,000; total anticipated, 1947, \$3,884,700)

On page 12, line 23, strike out "\$3,884,700," and insert in lieu thereof "\$4,129,000."

Justification

Under the appropriation title "Salaries and expenses, Food and Drug Administration" the House in passing H. R. 2700 reduced the estimate by \$244,300. The request herein seeks restoration of this amount to provide sufficient funds for maintaining the present rate of enforcement coverage under the Federal Food, Drug, and Cosmetic Act both in the domestic interstate and the import fields.

This increase will provide for 44 additional positions, bringing the total engaged in enforcement work to 1,038. These positions include 15 food and drug inspectors, 15 chemists, 2 medical officers, 1 bacteriologist, and 11 clerical and sub-professional employees.

Disturbed conditions in foreign countries exporting foods, drugs, and cosmetics to the United States are responsible for the greatly increased import-control problem. Those countries which were devastated by war have not been able to establish adequate manufacturing controls, with the result that many of the products subject to the Food, Drug, and Cosmetic Act must be detained at ports of entry because inspections show them to be illegal. Countries not actually engaged in hostilities have been cut off from transportation facilities and have accumulated vast supplies of foods and drugs which have obviously been stored under extremely unsanitary conditions. They are arriving at our ports in a thoroughly contaminated condition. Many shipments of products like spices are badly polluted with rodent excreta and insect fragments. Figs from

the Mediterranean countries are heavily infested with insects and worms. Botanical drugs from European and oriental countries are similarly contaminated. Until foreign exporters can accumulate the necessary equipment and facilities for producing products meeting our standards of purity, all importations of products of a type lending themselves to such forms of adulteration must be carefully scrutinized by inspectors at the ports.

In the year ending June 30, 1941, the last year before Pearl Harbor, 15,434 important consignments were inspected, of which 2,605, or 16 percent, were rejected because of illegality. In 1946, 25,377 lots were inspected with rejections amounting to 6,035, or 23.8 percent. In 1945, a total of 87,180 import shipments were offered at the ports. In 1946 imports increased to 124,000, and there is every indication that this year total imports will surpass 140,000, with the probability of 150,000 next year. At no time do our facilities permit sampling of all importations, desirable as this would be. Import shipments are sampled on a selective basis, with first attention to those types of commodities which our experience indicates to be most susceptible to adulteration. Our objective is to sample selectively between 15 and 20 percent of all import shipments, and we anticipate that this can be accomplished with the recommended increase.

The increased obligation in the domestic fields of foods and drugs is attributable to wartime and postwar developments and technological progress in the food and drug industries. The most outstanding development in the food industry is the immense growth in the production of frozen foods. In the prewar period the production of frozen foods was confined exclusively to frozen fruits and vegetables. Today every variety of precooked frozen prepared foods is available to the housewife. These products require merely thawing and warming to make them ready for service on the table. The production of precooked foods has increased 192 percent over the prewar period. It is estimated that a billion pounds of these products will be manufactured in 1947. Inspection of plants manufacturing these products and adequate sampling of their output is essential if the consumer is to be assured of pure, wholesome, and acceptable products of this description.

In the drug field, a very large number of new and extremely valuable and potent medicinals were developed during the war, and these are now being produced and marketed in increasing quantities. To guarantee their purity and potency, inspections must be made of producing establishments and samples must be collected and analyzed to insure their legality.

As an indication of the size of the field that must be covered by the Federal Food, Drug, and Cosmetic Act enforcement operations, it may be stated that there are in the United States 64,000 manufacturers of food products, 6,500 of drug products, 1,300 of vitamin products, and 675 of cosmetics, all doing interstate business.

SALARIES. SEA-FOOD INSPECTORS

(Estimate, 1948, \$40,000; total anticipated, 1947, \$40,000)

On page 12, after line 23, insert the following: "Salaries, sea-food inspectors: For salaries of sea-food inspectors designated in accordance with the provisions of section 702A of the Federal Food, Drug, and Cosmetic Act, \$40,000."

Justification

The restoration of the amount of \$40,000, together with the authorizing language, is requested to continue the sea-food inspection service in the fiscal year 1948. Under this service, continuous inspection is maintained in establishments canning shrimp and oysters. Such inspection is furnished upon the application of the packer and is not compulsory. The service is supported in part by fees assessed against the packers whose plants are under inspection and in part by an appropriation item which since 1947 has uniformly remained at \$40,000. The total cost of this inspection in 1948 is estimated at \$125,706, of which \$85,706 will be paid by fees collected from packers and the remainder, \$40,000, will be financed with the appropriation, if this is reinstated in the bill.

In 1946 inspection was furnished 21 plants packing shrimp, 6 packing shrimp and oysters, and 1 packing oysters only. 161,228 cases of canned shrimp and 38,825 cases of canned oysters were packed under inspection. At present 23 plants subscribe to this service, of which 21 pack shrimp, 1 packs oysters only, and 1 packs shrimp and oysters.

CERTIFICATION SERVICES

(Estimate, 1948, \$331,000; amended estimate, 1948, \$431,000; total anticipated, 1947, \$329,000)

On page 13, line 9, strike out "\$331,000," and insert in lieu thereof "\$431,000."

Justification

Public Law 16, Eightieth Congress, approved March 10, 1947, amends the Federal Food, Drug, and Cosmetic Act so as to require the certification of batches of drugs composed wholly or partly of any kind of streptomycin or any derivative thereof. The act further requires that "such fees shall be charged for certification as are necessary to provide, equip, and maintain an adequate service."

Since the enactment of this law came subsequent to consideration of the regular Food and Drug Administration appropriations, we were not able to include the amount in the regular bill. The amount requested in Senate Document 20 increases the appropriation for 1948 approved by the House of Representatives in H. R. 2700, so as to provide additional funds to carry out the functions authorized in Public Law 16, Eightieth Congress.

This estimate reflects our best judgment at this time as to the minimum cost of maintaining the Service for the fiscal year 1948. As with the other projects of this appropriation—namely, coal tar colors, insulin, and penicillin—fees will be imposed by regulations published in the Federal Register sufficient at least to offset the cost of these certification services. These fees will be deposited in the general funds of the Treasury to the credit of "Miscellaneous receipts, Federal Security Agency." From time to time it may be necessary to adjust the fee rate in the light of cost experience.

TRAVELING EXPENSES

(Estimate, 1948, \$197,000; total anticipated, 1947, \$190,340)

Justification

This is a central appropriation made to the Agency and allocated by it to its constituent units. The allotment to the Food and Drug Administration for the fiscal year 1947 was \$190,340. For the fiscal year 1948 we estimated our travel requirements at \$197,000, an increase of \$6,660, to cover additional staff requested under "Salaries and expenses." The House made a substantial cut in the central appropriation, and we are advised by the Agency that on an across-the-board basis of allocation of the amount allowed in H. R. 2700, our pro rata share would be \$122,140, or \$74,860 less than our estimate. The amount of \$197,000 requested for 1948 is necessary to maintain our travel operations at the 1947 level, plus the small additional amount for the increased staff which we have requested for restoration under "Salaries and expenses" above.

Travel is essential to effective enforcement. The inspection staff must travel to all places where foods, drugs, and cosmetics are manufactured, processed, stored, shipped, and sold. Emergencies such as the outbreak of food-poisoning epidemics, the distribution of a poisonous drug, or a flood resulting in the pollution of food supplies require the inspectors to travel to the scene of the emergency. Travel must be performed in connection with the trial of court cases which may occur in any judicial district of the United States, and usually necessitates our locating and interviewing prospective witnesses where their presence is necessary at court trials. Their travel and per diem expenses must also be paid from these travel funds.

The travel item covers not only travel and per diem costs on common carriers, but also the expenses of inspectors using official cars to reach the scene of their activities.

(Explanatory note: The amount requested for restoration hereunder for this organization is included in the central appropriation for this purpose in the Office of the Administrator.)

PRINTING AND BINDING

(Estimate, 1948, \$29,700; total anticipated, 1947, \$21,320)

Justification

This is also a central appropriation made to the Federal Security Agency and allocated by it to its constituent units. Our allotment for the fiscal year 1947 was \$21,320, and for 1948 we requested \$29,700, an increase of \$8,380. H. R. 2700 provides for a substantial decrease in this appropriation to the Agency for 1948 and on an across-the-board basis the pro rata share of Food and Drug will amount to only \$17,672, or \$12,028 less than our estimated requirements for 1948.

These funds are used by the Food and Drug Administration for the publication of service and regulatory announcements and explanations of the act essential for distribution to the industries covered and to the consuming public; for notices of judgment in terminated court cases involving violations of the act; job printing of letterheads, forms, blank books, etc., used in our normal operations; and other items such as digests of court cases for use of enforcement officers, courts, and attorneys; the annual report of operations; purchases and subscriptions from the Government Printing Office and scientific reprints, essential to our operations; and miscellaneous binding and so forth.

The cost of publishing notices of judgment constitutes the bulk (\$18,000) of our estimate. This is required by the Food, Drug, and Cosmetic Act to inform the public as to the outcome of cases against violators. To be most effective from a policing standpoint, the notice should be published promptly after termination of the case. However, the war program and increased costs have delayed publication of these notices in recent years until today there is a lag of over 1 year between the time a case is terminated and the publication of the notice. With the amount requested we expected to absorb most of this backlog and maintain publication on a current basis.

(Explanatory note: The amount requested for restoration hereunder for this organization is included in the central appropriation for this purpose in the Office of the Administrator.)

OFFICE OF EDUCATION

SALARIES AND EXPENSES

(Estimate, 1948, \$1,726,700; total anticipated, 1947, \$1,252,975)

On page 17, line 4, after the words "(Public Law 658) ;", strike out "\$1,252,900 of which not less than \$434,400 shall be available for the Division of Vocational Education as authorized," and insert in lieu thereof "\$1,726,700."

Justification

1. The restoration of \$473,800 to the amount approved by the House to be appropriated includes \$125,615 to continue the small number of positions available to the Office of Education in 1947 as follows:

Required for increased salary rates provided by Public Law 390-----	\$35, 000
For automatic salary increases-----	24, 731
For increased salary rates by reason of reclassifications-----	7, 483
To provide full-time employment in 1948 in positions which were not occupied for a full year in 1947 (14 percent of this amount is required for the increase in salary rates provided for in Public Law 390)-----	58, 401

Total -----	125, 615
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2. It will also provide \$348,185 for salaries and expenses for a small number of professional positions and supporting clerical personnel to strengthen the staff of the Office. The complex, swift-moving events of our national life—economic, social, scientific and cultural—place a tremendous burden upon our public and private educational systems. As States and localities move toward a more effective application of State and local resources to meet their problems, they expect the United States Office of Education to respond promptly to their requests for technical advice, consultative services, and up-to-the-minute information.

3. It is requested that the phrase "of which not less than \$434,400 shall be available for the Division of Vocational Education as authorized" be eliminated. The establishment of such a limitation in the appropriation defeats the purpose of the consolidated account, and assumes that the personnel of a particular "division" of the Office, organized at any given time for the most effective administration, is self-contained in all of its operations. That is obviously not the case in the instance under consideration. Numbers of people in other divisions of the Office regularly do work for and in support of the operations of the Division of Vocational Education. For example, in other divisions there are persons who perform directly for the Division of Vocational Education such functions as the following: Prepare pay rolls; maintain bookkeeping records; maintain time and retirement records; audit administrative accounts, such as travel and transportation vouchers; edit publications; provide essential library services; perform statistical services; and develop and pass upon general policies essential to the application of laws and in the maintenance of appropriate Federal-State relations.

The effect of a provision which prescribes a minimum expenditure for any particular division which must necessarily depend for its success upon other divisions in the Office without at the same time providing equally adequate support for the personnel and services in the other divisions will render relatively ineffective the services of the division for which some special protection is sought.

4. A general problem of critical importance to educators and citizens alike throughout the country is how to be sure that our youth possess clear convictions concerning the American way of life and competency in language, mathematics, science, and technology. Today leaders in industry, business, the Army, the Navy, and in education are deeply concerned that we as a nation insure adequate preparation of our youth, especially in the fields mentioned above. The most practicable solutions of these critical problems, on a Nation-wide basis, call for cooperation and action at all educational levels. The Office of Education is being looked to for assistance in solving such problems. Many of the vital services now needed cannot be rendered by this Office without additional funds.

5. In view of the present crisis in education, the Office of Education is swamped with requests for services to States which we are unable to supply. Failure to provide these funds would seriously curtail the work of the Office. A number of important studies and projects would have to be discontinued, other important projects already planned could not be undertaken, and a number of the additional positions provided in the current fiscal year would have to be discontinued. These new positions represent a very small increment in the staff at a time when every possible effort should be made to strengthen the educational facilities of this country. It will be remembered by this committee that even the present staff of the Office of Education is far from being adequate to meet the demands for services anticipated by the basic laws.

TRAVELING EXPENSES

(Estimate, 1948, \$153,800; total anticipated, 1947, \$116,324)

The restoration of an amount of \$58,444 is requested for the Office of Education for traveling expenses of employees of the Office who must travel in the performance of their official duties, and for conference funds.¹

An amount of \$116,324 is available to the Office of Education during the current year. The restoration of \$20,968 of the \$58,444 requested would merely provide the same level of operation in 1948, as for the current year.

The remainder of the \$58,444, namely, \$37,476, is requested to provide—

1. \$27,726 for essential field service travel.
2. \$9,750 to enable the Office to have the benefit of the advice of consultants in developing various educational programs.¹

(Explanatory note: The amount requested for restoration hereunder for this organization is included in the central appropriation for this purpose in the office of the Administrator.)

¹ These conference funds constitute one of the best of the Government's investments. They make available to the Office of Education competent persons whose services for consultation and program planning can be secured for short periods merely for the cost of travel. Thus the work of the Office reflects directly the needs of education as determined by people who operate schools and colleges.

PRINTING AND BINDING

(Estimate, 1948, \$120,000; total anticipated, 1947, \$56,460)

The restoration of \$48,600 is requested for the Office of Education for printing and binding. The appropriations to the Office for the fiscal years 1946 and 1947 have been inadequate, and we have been unable to make timely reports of completed studies. The cost of printing by the Government Printing Office has advanced approximately 30 percent.

It is very important that adequate printing funds be provided, as the findings of the staff are greatly reduced in value if dissemination through printed documents is delayed or curtailed.

(Explanatory note: The amount requested for restoration hereunder for this organization is included in the central appropriation for this purpose in the office of the Administrator.)

OFFICE OF VOCATIONAL REHABILITATION

PAYMENTS TO STATES

(Estimate, \$19,710,000; total anticipated, 1947, \$11,759,800)

(P. 17, line 16)

Page 17, line 16, strike out "\$18,000,000, of which not to exceed \$200,000" and insert "\$19,710,000, of which not to exceed \$308,277," the estimate, or an increase of \$1,710,000 for payments to States, which includes an increase of \$108,277 for providing rehabilitation services to disabled residents of the District of Columbia.

A great social and economic waste results when persons with serious physical or mental disabilities cannot be gainfully employed. The Federal-State program of vocational rehabilitation, authorized by the Vocational Rehabilitation Act, as amended, and by companion acts in every State and Territory, is an increasingly effective means of minimizing this waste.

The program is financed by State and Federal funds in the proportions set forth in the Federal act. The request for \$19,710,000 is based upon anticipated total expenditures of \$26,622,000 (Federal and State funds) which includes estimated State contributions of \$6,912,000.

Since the passage of the Vocational Rehabilitation Act many of the State legislatures have been in regular session only once prior to this year. The 85 State agencies which operate the vocational rehabilitation program have notified the Federal Security Administrator that they are seeking appropriations aggregating \$8,148,000 for the 1948 fiscal year. It is expected that well over \$7,000,000 will actually be appropriated for vocational rehabilitation. The States will be able to meet their proportion of the financing of this program but the cut of \$1,710,000 by the House of Representatives will impair the Federal Government's ability to underwrite its share.

The District of Columbia Rehabilitation Service operates a program for the rehabilitation of mentally and physically disabled persons residing in the District of Columbia. The cut of \$108,277 by the House will preclude necessary services to large numbers of disabled persons now awaiting the rehabilitation services such as medical and vocational diagnoses, physical restoration, including hospitalization, surgery, prosthetic appliances, training, etc.

GENERAL ADMINISTRATIVE EXPENSES

(Estimate, \$729,000; total anticipated, 1947, \$623,325)

(P. 18, line 17)

Page 18, line 17, strike out "\$500,000" and insert "\$729,000," the estimate, or an increase of \$229,000.

Under the Vocational Rehabilitation Act, the Federal Security Administrator has the responsibility of (1) determining the effectiveness of State programs and their continued compliance with the Federal act and (2) assisting the States in providing effective programs on a State-wide basis for all the disabled needing services.

Any person of employable age whose physical or mental handicap impairs his ability to find or hold a regular job is a potential client of this service. Budget

documents submitted by the States estimate that there are 1,163,000 disabled persons in need of rehabilitation services.

During the 1946 fiscal year 36,106 disabled persons were rehabilitated into employment to earn at an annual rate of \$56,300,000, an increase of \$44,800,000 in purchasing power. Seventy-five percent of these were unemployed at the time of initial interview. The results produced are increased purchasing power, more Federal, State, and local revenue, and a decrease in relief cost. If the remaining million disabled yet unserved were to earn on the same basis as those being rehabilitated now, their annual income would now approximate \$2,000,000,000. Their income taxes would now approximate \$80,000,000. While the results so far are most gratifying, a great amount of work remains to be done if all the disabled are to receive the benefits of the act.

The rehabilitation of a disabled person into gainful employment is a complicated process and the supervision required to maintain safe standards in providing medical and psychiatric examinations and treatment, surgery, hospitalization, convalescent care, suitable prosthetic appliances, occupational therapy, training, and small employment projects should be continuously available.

Rehabilitation procedures for epileptics, spastics, amputees, the mentally retarded, and severely disabled orthopedic clients who must work, if at all, in their own homes or sheltered workshops, are relatively undeveloped. Most of the 35 agencies for the blind participating in our program have had little experience in rehabilitating the blind into employment.

The report of the House Subcommittee To Investigate Aid to the Physically Handicapped, dated October 10, 1946, states:

"The Office of Vocational Rehabilitation should be authorized to make its services available generally to the physically handicapped; it should be authorized to offer a much wider range of services; its work should be supported by increased appropriations as rapidly as the program can be expanded; it should carry out its work, as it now does, jointly with the States; it should become in reality a service to the handicapped."

TRAVEL EXPENSES

(Estimate, \$88,000; total anticipated 1947, \$77,416)

The allotment for travel to the Office of Vocational Rehabilitation for the fiscal year 1948 would be \$54,560 under the House allowance instead of the estimate of \$88,000. It is requested that the cut of \$33,440 be restored.

The rehabilitation program established under the Vocational Rehabilitation Act amendments of 1943 has been less than 4 years in actual operation. The States need, and are continuously requesting, technical services from this Office in guiding them into the establishment of safe and dependable standards, many of which are still relatively undeveloped. This kind of assistance requires adequate travel funds and the cut of \$33,440 would seriously impair the rendering of necessary services.

PRINTING AND BINDING

(Estimate, \$30,000; total anticipated 1947, \$25,330)

The allotment for printing and binding to the Office of Vocational Rehabilitation for the fiscal year 1948 would be \$17,850 under the House allowance instead of the estimate of \$30,000. It is requested that the reduction of \$12,150 be restored.

The estimate requested is necessary for the issuance of standard forms, manual procedures, training materials, and reports on disability groups. There is provision also for booklets directed to employees, employers, medical, and welfare agencies to insure immediate referral of disabled clients. When services are given early after the onset of disability, funds are saved and successful rehabilitations are more certain at less cost.

(Explanatory note: The amount requested for restoration hereunder for this organization is included in the central appropriation for this purpose under the Office of the Administrator.)

PUBLIC HEALTH SERVICE

CONTROL OF TUBERCULOSIS

(P. 20, line 17)

(Estimate fiscal year 1948, \$8,430,000; total anticipated 1947, \$8,094,301)

Page 20, line 17, strike out "\$8,000,000" and insert in lieu thereof "\$8,430,000."

Justification

Request is made that the \$430,000 reduction be restored to provide for the minimum needs of the tuberculosis control program in fiscal year 1948.

Local communities throughout the country are now ready to intensify efforts in case finding, the first step in a successful control program, and as a logical sequel, a marked expansion in follow-up facilities is necessary. This means the establishment of more diagnostic and treatment facilities such as clinics and consultative services, requiring in turn, additional physicians, nurses, and other workers. A reduction in the appropriation for the States will retard this development. The program operated directly from headquarters includes important consultative services, the demands for which are increasing greatly, as well as the need for carrying out an increasing number of demonstrations and the loan of skilled professional personnel.

Among other important projects for the coming year, the Division is committed to an extensive study of the efficacy of BCG vaccination as a preventive measure in the control of tuberculosis. On March 31, 1947, the first pilot study is beginning in one of the Southern States, this being the first in a series of planned Nation-wide projects which will require several teams composed of physicians, nurses, and other necessary assistants. This work contains such great promise for the future that it is felt that any retrenchment at this time would not only be economically unsound but would retard the ultimate elimination of tuberculosis as one of the Nation's, as well as the world's, major public-health problems.

ASSISTANCE TO STATES, GENERAL

(P. 20, line 23)

(Estimate fiscal year 1948, \$20,971,000; total anticipated 1947, \$15,458,503)

Page 20, line 23, strike out "\$15,682,300" and insert "\$17,088,344" in lieu thereof.

Justification

This increase of \$1406,044 in the appropriation "Assistance to States, general" is designed to provide for the full amount of the estimate as approved by the Bureau of the Budget, less the items for cancer control, in order more adequately to assist the States in establishing and maintaining the public-health services toward which the appropriation is directed.

The increase is necessitated by the increased costs of public health, and failure to receive this amount will result in a lesser degree of assistance to States.

HOSPITAL AND CONSTRUCTION ACTIVITIES

(P. 21, line 13)

(Estimate fiscal year 1948, \$50,965,000; total anticipated 1947, \$2,340,900)

Page 21, line 13, strike out "\$865,000" and insert in lieu thereof "\$965,000."

Justification

The amount requested would permit the Division administering the complex Hospital Construction Act to obtain needed personnel to adequately assist the States in the preparation of State plans and State construction programs thereby enabling the States to obtain such technical assistance in the fields of architecture and engineering and in the analysis and development of approvable construction programs as would better provide those needed hospitals and health facilities

contemplated by the passage of Public Law 725. Since the amount of construction to be carried on in the 1948 fiscal year cannot be ascertained with reasonable accuracy, it is necessary that provision to administer at least \$150,000,000 worth of hospital construction under Federal direction be made.

HOSPITALS AND MEDICAL CARE

(P. 22, line 16)

(Estimate fiscal year 1948, \$20,250,000; total anticipated 1947, \$20,613,666)

Page 22, line 16, strike out "\$20,000,000" and insert in lieu thereof "\$20,250,000."

Justification

It is requested that the amount of \$250,000 be restored to enable the replacement of worn-out and obsolete medical equipment in hospitals and out-patient clinics. During the war years market shortages forced abandonment of normal yearly replacement schedules. Continued failure to replace worn-out and obsolete items of medical equipment incurs large outlays for repair and maintenance and endangers the health of patients and personnel as well.

The 1948 estimate of \$811,858 provided an increase of \$343,300 over base to be applied against a replacement backlog of over a million dollars. Restoration of the \$250,000 reduction will permit a partial and conservative reduction of the equipment backlog, further postponement of which be detrimental to the patient and the best interests of the Government.

MENTAL HEALTH ACTIVITIES

(P. 23, line 19)

(Estimate fiscal year 1948, \$5,108,000; total anticipated 1947, \$1,632,000)

Page 23, line 19, strike out "\$4,000,000" and insert in lieu thereof "\$5,108,000."

Justification

It is requested that the amount of \$1,108,000 by which the House Bill reduces the budget of \$5,108,000 for "Mental health activities, Public Health Service," be restored. The principal item contained in the Budget estimate to implement the new program is one of \$2,500,000 to cover grants for training and research, and this item necessarily must bear the largest proportion of the reduction. The Service appreciates the House Appropriations Committee's expressed interest in providing all funds which can be effectively utilized in getting the mental health program under way during 1948, and agrees with the committee that the program should be started on a moderate scale. However, the effectiveness of this new program depends almost entirely upon training increased numbers of qualified personnel in the fields of psychiatry, clinical psychology, psychiatric social work and psychiatric nursing, and upon fostering research into the causes, diagnosis, treatment, and prevention of the various mental illnesses. That the training and research activities can and should be initiated at the proposed level during 1948 is evidenced by the number and nature of applications for training and research grants that are currently being received from educational institutions and from organizations and individuals qualified to perform research. It is the considered opinion of the Service that the proposed budget is both moderate and realistic in terms of the seriousness of the problem and the available resources with which to work, and that the sum requested represents the minimum amount which may be expected to produce effective and appreciable results.

FOREIGN QUARANTINE SERVICE

(P. 24, line 7)

(Estimate fiscal year 1948, \$2,491,700; total anticipated 1947, \$2,233,800)

Page 24, line 7, strike out "\$2,450,000", insert in lieu thereof "\$2,491,700."

Justification

It is requested that the \$41,700 deleted by the House Appropriations Committee be reinstated in the Foreign Quarantine Service appropriation. The res-

toration of these funds will permit the replacement of the urgently needed boat equipment used in the boarding of incoming vessels from foreign ports. No replacements of launch equipment were made during the period of the war and its condition now is such that constant repairs are necessary, and the expense incident thereto is not considered economical. Many of the launches are still operating with their original engines, some of which were built in 1931. It is proposed that this equipment will be obtained from Navy surplus, where it is understood it is available.

FEDERAL EMPLOYEE HEALTH SERVICES

(P. 24, line 11)

(Estimate fiscal year 1948, \$901,000; total anticipated 1947, \$141,234)

Page 24, line 11, strike out "\$300,000" and insert in lieu thereof "\$901,000."

Justification

Request is made for restoration of \$601,000 reduction by the House of Representatives in this appropriation. It is apparent that the reduction was made principally on the basis of the program being a new one for the several Federal departments and agencies and therefore one which in fiscal year 1948 would not be able to be developed in entirety for all agencies. The appropriation granted, \$300,000, would permit carrying out the functions of the Public Health Service relative to Public Law 658 in the metropolitan area of Washington, D. C., principally and because of lack of funds for salaries and travel the function of the Public Health Service related to Public Law 658 for areas outside of metropolitan Washington, D. C., would be definitely curtailed.

COMMISSIONED OFFICERS PAY, ETC.

(P. 26, line 18)

(Estimate fiscal year 1948, \$6,174,000; total anticipated 1947, \$5,720,558)

Page 26, line 18, strike out "\$5,750,300" and insert in lieu thereof "\$5,924,366."

Justification

Request is made for the restoration of \$174,066 reduced by the House of Representatives. The full amount is needed to pay the salaries of regular commissioned officers necessary to carry out the programs of the Public Health Service and also to pay the retirement benefits of Regular and Reserve commissioned officers on the retired list.

TRAINING FOR NURSES

(P. 27, line 2)

(Estimate fiscal year 1948, \$4,834,000; total anticipated 1947, \$16,300,000)

Page 27, line 2, strike out "\$4,500,000" and insert in lieu thereof "\$4,834,000"; page 27, line 3 strike out "\$348,792" and insert in lieu thereof "\$380,792."

Justification

Costs of this program are in two categories comprising payments to be made to schools of nursing and costs of administration. Payments to be made to schools of nursing are in the nature of fixed charges. Agreements made with schools of nursing under Public Law 74 require that the Federal Government pay tuition, fees, and stipends for nurses in training. The number of students for which these items are to be paid are those already in school; no new students have been admitted since 1945. The \$4,453,208 originally requested is required to meet the obligations of the Federal Government under agreements with schools of nursing. The amount requested for administrative expenses represents the minimum amount needed to arrange for completion of training of cadet nurses, paying grants, and making audit and settlement of accounts. A reduction of administrative funds below \$380,792 will prolong the time required to complete audit of the program. When audits are delayed the costs of making them increases, because required records become more inaccessible. Audit findings to date indicate that recoveries on audits will far exceed total administrative costs.

SALARIES AND EXPENSES

(P. 28, line 3)

(Estimate fiscal year 1948, \$3,916,000; total anticipated 1947, \$3,103,476)

Page 28, line 3, strike out "\$3,600,000" and insert in lieu thereof "\$3,916,000."

Justification

Restoration of the \$316,000 eliminated by the House committee is required primarily to enable the national Office of Vital Statistics to develop more effective statistical processing of birth, death, marriage, and divorce records. It is proposed to substitute the microfilming process for the costly and inefficient method of making handwritten copies of original certificates filed with the States.

OFFICE OF INTERNATIONAL HEALTH RELATIONS

(P. 28, line 9)

(Estimate fiscal year 1948, \$300,000; total anticipated 1947, \$299,930)

Page 28, line 9, strike out "\$275,000" and insert in lieu thereof "\$300,000."

Justification

Restoration of the \$25,000 eliminated by the House Committee is required to enable the Office of International Health Relations to operate at approximately the 1947 levels. The amount requested, \$300,000, is approximately the same as the amount available for 1947. The Office continues to experience increased demands for arrangements of schedules, itineraries and introductions for foreign visitors and students sent to the United States for training at the expense of their respective governments. Further responsibilities are anticipated in connection with participation of the United States in the World Health Organization and the attendance of representatives of the United States at other international meetings.

TRAVELING EXPENSES

(Estimate fiscal year 1948, \$1,420,600; total anticipated 1947, \$1,307,700)

(Explanatory note: The amount requested for restoration hereunder for this organization is included in the central appropriation for this purpose under the Office of the Administrator.)

Justification

The proposed allocation to the Public Health Service of \$880,772 for traveling expenses for all programs participating in the central travel appropriation represents a reduction of approximately 30 percent below the amount available in fiscal year 1947. Most of these programs expect to operate at the 1947 level during fiscal year 1948, while some like the research program of the National Institute of Health contemplate considerable expansion. The demonstration programs of the Venereal Disease Division and the States Relations Division; the operation of mobile X-ray units by the Tuberculosis Control Division; the malaria-control and typhus-control projects conducted by the Communicable Disease Center; and the utilization of the services of special consultants who are members of the special studies sections, for the purpose of passing on application for research-grant money, are typical of the activities that will suffer if the reduction of \$539,828 is not restored.

PRINTING AND BINDING

(Estimate fiscal year 1948, \$370,030; total anticipated, 1947, \$221,290)

(Explanatory note: The amount requested for restoration hereunder for this organization is included in the central appropriation for this purpose under the Office of the Administrator.)

Justification

The proposed allocation to the Public Health Service of \$220,168 for printing and binding reflects a reduction of \$149,862 below estimated requirements. The allowance is little more than sufficient to cover the cost of such essential items as

standard forms, tabulating cards, letterheads, etc. It is approximately the same as the amount available in fiscal year 1947 when such worth-while publications as the proposed Journal of Research in Medical Science had to be abandoned. With printing costs continuing on an upward trend publications of scientific information must be further curtailed in 1948 unless the amount deleted by the House committee is reinstated. The additional amount requested, namely, \$149,862, is small in proportion to the benefits that would result from the increased distribution of scientific information.

BUREAU OF PUBLIC ASSISTANCE

SALARIES

(P. 31, line 2)

(Estimate fiscal year 1948, \$1,270,000; total anticipated, 1947, \$1,099,000)

Page 31, line 2, strike out "\$1,150,000" and insert in lieu thereof "\$1,270,000."

Justification

The House reduced the Bureau's request for \$1,270,000 and 300 positions to \$1,150,000. This reduction of \$120,000 will reduce the Bureau's personnel requirements by 28 positions which will result in a staff of 272 for 1948.

The request for 1948 was based upon the increased work load in the Bureau as a result of the Social Security Act amendments of 1946, which expire December 31, 1947. Although the Congress has not decided yet to extend or change the amendments, any action taken means substantial adjustment in operations related to making public assistance grants.

As a result of the amendments, there is a larger volume of operations under the State public assistance programs. The increase in the average monthly payment per recipient in 1948 and the greater number of cases will result in additional operating and financing problems in State programs. Also, the large increase in Federal funds made available to the States intensifies the responsibility of the Bureau for assuring proper expenditure of Federal funds.

In reducing the Bureau's request to 272 positions, the House committee indicated in its report that the functions of the Bureau are well established and there is no reason for increasing the staff to 300 positions. Ever since the prewar year 1942, when the staff of the Bureau was 312, it has not been possible to provide the States with the basic minima of service directed toward strengthening and improving their assistance programs. It is believed that the rebuilding of the Bureau's depleted staff coupled with the additional work resulting from the recent amendments will require at least a staff of 300 positions.

If the Bureau of Public Assistance is to serve the States and is to contribute to the solution of current and impending problems faced by State agencies, a staff of 300 and the request for \$1,270,000 for 1948 should be approved.

BUREAU OF EMPLOYMENT SECURITY

SALARIES

(P. 31, line 19)

(Estimate fiscal year 1948, \$1,154,000; total anticipated 1947, \$995,000)

Page 31, line 19, strike out \$900,000 and insert in lieu thereof \$1,154,000.

Justification

The \$1,154,000 requested for 1948 for salaries, Bureau of Employment Security, included an amount of \$39,000 for 10 positions which are needed for the administration of the program for reconversion unemployment benefits for seamen. When that program becomes effective under the provisions of H. R. 2700, the Bureau of Employment Security will have an entirely new program under its jurisdiction, requiring the full time and attention of at least 10 persons. The actual payment of benefits under the program will be through the States' unemployment compensation administrative machinery, but the States are to be reimbursed by the Federal Government for all benefits paid. The Bureau of

Employment Security, therefore, will have to develop necessary regulations, procedures, and agreements with each State for the payment of these benefits. Each State will report the amount of benefits paid, and the Bureau will certify to the United States Treasury the amount of funds to cover the payments. Because the employment conditions of maritime workers differ from others', the operation of the program will give rise to entirely new problems concerning registration for work, interstate payments, and appeals. Another \$11,402 is needed for continuing administrative promotions effective in 1947. The balance of the increase requested for 1948 is needed to assist the States in reducing administrative costs and in adopting methods designed to promote more effective administration of the program. The work done in this area by the Bureau is largely at the request of the 51 State agencies and in cooperation with them. The Bureau is the only central source of technical information for all States. In 1948 the States anticipate a work load which will require \$57,586,000 for administration. This amount is based on anticipated benefit payments of \$700,000,000 for 49,000,000 continued claims; over \$1,130,000,000 will be collected from employers and about 150,000,000 wage records will have to be kept. With its present staff the Bureau has not been able to provide the States with all technical services requested by them in 1947. To administer the program for maritime workers, and to insure more adequate technical service to the States and proper and efficient administration of the \$57,586,000 of Federal funds recommended for administrative use by the States in 1948, the restoration of the full amount of the reduction by the House is requested for the Bureau of Employment Security.

BUREAU OF OLD-AGE AND SURVIVORS INSURANCE

SALARIES AND EXPENSES, BUREAU OF OLD-AGE AND SURVIVORS INSURANCE

(P. 31, line 21)

Between the words "travel," and "and" on line 21, page 31 of the printed bill, insert "including, when specifically authorized by the Federal Security Administrator, attendance at meetings of organizations concerned with the work of the Bureau of Old-Age and Survivors Insurance."

In the present appropriation bill, travel expenses for the Bureau of Old-Age and Survivors Insurance are provided for by an authorization to make expenditures for salaries and expenses from the Old-Age and Survivors Insurance Trust Fund. Previously, travel expenses for the Bureau were included in the Federal Security Agency appropriation for travel. In making the change, language authorizing travel for attendance at meetings and conventions was omitted from the old-age and survivors insurance appropriation.

(P. 31, line 23)

(Estimate fiscal year, 1948, \$30,219,000; total anticipated, 1947, \$26,272,000)

Page 31, line 23, strike out "\$34,909,700" and insert in lieu thereof "\$35,851,160."

Justification

Consolidated operations.—The amount originally estimated for "Salaries, consolidated operations, Social Security Administration" which has been included by the House under this appropriation title was reduced from \$982,625 by \$260,625. The requested restoration of the full amount of this reduction is included in the justification under the appropriation, "Salaries, consolidated operations, Social Security Administration."

Travel expenses.—The House made a reduction of \$128,000 from the amount of \$641,300 for travel expenses requested for the Bureau of Old-Age and Survivors Insurance. This 20-percent reduction was said to be related to "personnel reductions which would ensue from committee action on various other items in the bill."

In fact, however, the salary estimates corresponding to the estimates of \$641,300 for travel expenses were reduced by \$62,000, or approximately one-fifth of 1 percent. The reduction is accordingly not justified by reduction in the scale of operations, which is in any event dictated by work loads over the volume of which the Bureau has no control.

Travel expenses of the Bureau of Old-Age and Survivors Insurance are necessary for the following purposes:

1. For direct handling of work loads in the field. It is necessary for field personnel to contact employers and employees in communities outside field office cities for the development and investigation of claims and the correction of employers' wage reports.

2. For supervision and coordination of the field establishments consisting of approximately 460 field offices and 6 area offices and for training of field personnel.

3. Changes of station, details of personnel, and travel between headquarters in Baltimore and Washington.

4. Travel of referees for hearing appeals from determinations of the Bureaus in claims for benefits.

These expenses are all directly related to the scale of operations arising from uncontrollable work loads, which have risen 89 percent since 1941, whereas the present estimate is \$77,283 less than the amount expended in 1941.

It is, therefore, respectfully requested that the reduction of \$128,000 recommended by the House be restored in full.

Printing and binding.—The House reduced the amount requested for printing and binding of the Bureau of Old-Age and Survivors Insurance by 40 percent, from \$719,335 to \$429,300.

Of the amount requested, \$668,066, or 93 percent, represents printed forms, tabulating cards, and tabulating forms for handling the work loads of the Bureau of Old-Age and Survivors Insurance. The balance of \$51,259 provides not only for informational literature, but also for letterheads and stationery and operating manuals and instructions.

For the machine operations of the Accounting Operations Division alone, the originally estimated requirements of \$440,517 exceed the recommended appropriations. Since the estimates were prepared there has been an increase in the price of tabulating cards which will add a further \$79,358 to these requirements. In addition, the Bureau must provide approximately \$227,500 for printed forms used in handling claims, wage-record investigations, and other essential operations.

It is, therefore, respectfully requested that the reduction of \$290,035 recommended by the House Appropriations Committee be restored in full.

Miscellaneous expenses.—The full amount of the estimate, \$3,288,900, for miscellaneous expenses under this appropriation is also required by the Bureau in view of the fact that virtually the full amount of the salaries estimate for this Bureau was approved by the House. It is respectfully requested that the reduction of \$262,800 passed by the House be restored in full.

CHILDREN'S BUREAU

SALARIES AND EXPENSES

(P. 32, line 16)

(Estimate fiscal year 1948, \$510,400; total anticipated 1947, \$430,959)

Page 31, line 16, strike out "\$400,000" and insert "\$510,400."

The increase requested in this appropriation of \$110,400 over the amount approved by the House will provide for continuing the research and reporting functions of the Bureau at the 1947 level, and for new items of increase. Should this cut by the House stand the following areas would have to be seriously curtailed or omitted:

Obstetrics.—The Children's Bureau has no obstetrician on its staff for assistance in the preparation of maternity material included in popular bulletins for parents, for work in developing standards of medical and hospital care for maternity patients.

School health.—The Children's Bureau should have a pediatrician on its staff who can develop standards of health and medical service and prepare written material.

Cerebral palsy.—A consultant is needed to advise with State agencies and local groups of parents trying to develop community services to care for spastic children.

Juvenile delinquency.—The Children's Bureau should have at least three persons in constant touch with developments in juvenile courts, training schools,

police departments, and community agencies giving services to delinquent children, preparing articles and developing standards for work in these fields.

Child-welfare legislation.—Groups studying and drafting State child welfare legislation increasingly seek the advice and assistance of the Bureau on such subjects as adoption, illegitimacy, juvenile courts, licensing of child-care agencies, and guardianship. A consultant with social-service and legal training should be available for this work.

New items of increase as follows:

1. *Physician for work in field of nutrition, \$5,315.*—At the present time there is urgent need for revising the bulletin Prenatal Care, of which the nutrition section is an important part; to prepare leaflets as a guide to parents in the feeding of their children; to develop standards for the care of children in hospitals and convalescent homes, including standards for the nutritional aspects of such care.

2. *Study of diet in pregnancy, \$25,838.*—During the past few years evidence has been found through research which points to a definite correlation between the diet of a woman during pregnancy and her health and that of her offspring.

It is proposed to set up a study in an area with a high toxemia rate, so that sufficient cases can be observed in a reasonable period of time. Patients attending a prenatal clinic would be followed during their pregnancy and certain observations made on their offspring. The Bureau proposes to employ five professional (two part time) and five clerical workers for the study at a cost of \$24,178 and to expend \$1,660 for supplies, equipment, and other services.

3. *Study in the field of juvenile delinquency, \$15,580.*—There is need for expanding the Bureau's work in the field of the prevention and treatment of juvenile delinquency. Study of law enforcement, administrative, and judicial agencies is proposed in 1948.

4. *Statistical tabulation and analysis of research material, \$6,487.*—Three additional clerical employees are greatly needed for processing and analyzing data being collected in studies of the incidence of dental cares, studies of childhood mortality and infant and maternal mortality, and in the survey of pediatric service and needs being conducted by the American Academy of Pediatrics, in cooperation with the Children's Bureau and the United States Public Health Service.

5. *Assistance for reporting activities, \$2,840.*—Two part-time consultants are needed for the preparation of professional material in the fields of child health and child welfare.

6. *Within-grade promotions, \$7,236.*—This amount is required to meet the additional cost in 1948 of within-grade promotions made in 1947, and for new promotions required by law to be made in 1948.

SALARIES AND EXPENSES, MATERNAL AND CHILD WELFARE

(P. 32, line 21)

(Estimate fiscal year 1948, \$1,016,500; total anticipated 1947, \$860,025)

Page 32, line 21, strike out "\$700,000" and insert "\$1,016,500."

The increase of \$316,500 over the amount approved by the House will provide for continuing activities at the 1947 level and new items of increase.

Maternal and child health and crippled children's services.—The Division of Health Services of the Children's Bureau is responsible for administration of \$18,500,000 of Federal grants for maternal and child health and crippled children's services.

The States are now in the beginning stages of expanding their maternal and child health and crippled children's programs under the 1946 amendments to the Social Security Act. In order to help the States to get under way in new programs, as well as to strengthen their basic services, the help of special consultants in medical and hospital care and in various specialties is essential.

If the cuts made by the House are sustained, the Children's Bureau will have to drop some of its staff now engaged in rendering these services and will be unable to complete the organization of the Division of Health Services for services especially in the field of dental health, spastic children, rheumatic heart disease, and other subjects.

The 1947 budget provided for strengthening the central office staff of the Social Service Division by the addition of an assistant director of field services and of consultants in special fields of child welfare. If the proposed budget cuts are

carried out it will be necessary to curtail services to juvenile courts, training schools, and other agencies dealing with delinquent children; special service on foster care would also have to be curtailed; and curtailment of services for staff development would be necessary, when agencies and institutions are suffering from lack of qualified personnel which necessitates employment of untrained personnel with potentialities for development.

Other services.—Other activities that would have to be curtailed relate to the administration of the merit system provisions of the grant-in-aid programs and the field audit of State expenditure.

The net increase for new items are as follows:

1. *Study of the operation of the health programs, \$40,090.*—For the fiscal year 1948 a review of adequacy and quality of care given crippled children in hospitals, convalescent homes, and clinics is proposed. For this study six professional and two clerical workers will be required.

2. *Study of the operation of the child-welfare-services program, \$35,609.*—The States are expanding their programs with the increased grants made available under the 1946 amendments to the Social Security Act and the need for making studies of organization, administration, and contents of child-welfare services by State and local welfare agencies is of increasing importance. It is of the utmost importance that State-wide child-welfare programs be developed to reach all children in need, and that they be adequately related to public-assistance programs, and other welfare services.

3. *Maternal and child-welfare statistics, \$10,979.*—Annual reports on programs for postgraduate training for staff, the location of clinic facilities, and special diagnostic analyses of crippled children have also been obtained. The data obtained will be of great value in planning for comprehensive child-welfare programs throughout the country. The increase requested provides for two professional and one clerical workers for strengthening and revising statistical reporting under the maternal and child-welfare programs.

4. *Within-grade promotions, \$7,551.*—This amount is needed for the additional cost in 1948 of within-grade promotions made during 1947, and for the cost of new promotions required by law to be made in 1948.

CONSOLIDATED OPERATIONS, SOCIAL SECURITY ADMINISTRATION

SALARIES, CONSOLIDATED OPERATIONS (P. 35, line 2)

(Estimate fiscal year 1948, \$3,794,000; total anticipated 1947, \$3,836,422)¹

SALARIES AND EXPENSES, BUREAU OF OLD-AGE AND SURVIVORS INSURANCE

(P. 31, line 23)

(Estimate fiscal year 1948, \$30,219,000; total anticipated 1947, \$26,272,000)

Page 35, line 2, strike out "\$2,072,000" and insert in lieu thereof "\$2,811,375."

Page 31, line 23, strike out "\$34,909,700" and insert in lieu thereof "\$35,851,160."

Justification

The House in considering our appropriation estimate of \$3,794,000 for "Salaries, consolidated operations, Social Security Administration," made a flat reduction of \$1,000,000. The remaining amount, \$2,794,000, was distributed between the two items in the bill as above indicated—\$2,072,000 being provided for under "Consolidated operations" and \$722,000 constituting a portion of the lump sum of \$34,909,700 for "Salaries and expenses, Bureau of Old-Age and Survivors Insurance."

The appropriations in question provide funds for activities which are common to all four of the social-security programs. The activities are so grouped and administered as to eliminate the duplication and inefficiency which might be expected if they were separately established for each of the programs. Examples of the activities affected by the reduction are accounting and auditing; pay roll, recruitment, and similar personnel services; procurement and distribution of supplies and equipment; regional service to agencies of State government; super-

¹ Includes \$228,333 transferred in 1948 to other appropriations.

vision of field employees; and statistical and analytical work. These are essential operations. They would have to be separately financed at any level of administration at which they are performed.

The reduction made by the House results in the provision for 1948 of \$814,089 less than the comparable amount for 1947. For 1948, however, augmented staff in the program bureaus of the Administration and increased program activity will require additional services costing \$185,911 more than the amount for 1947. The reduction, therefore, would result in the elimination of continuing essential services now provided and in addition would not permit furnishing of services necessary to implement the administration of the amendments to the Social Security Act. We, therefore, have no alternative to requesting that the entire amount of \$1,000,000 be restored.

SOCIAL SECURITY ADMINISTRATION

TRAVELING EXPENSES

(Estimate 1948, \$581,300; total anticipated 1947, \$504,085)

(Explanatory note: The amount requested for restoration hereunder for this organization is included in the central appropriation for this purpose under the Office of the Administrator.)

Justification

The 1948 estimate for travel for the Social Security Administration, exclusive of the Bureau of Old-Age and Survivors Insurance, is \$581,300. The amount proposed by the House for travel to be appropriated to the Federal Security Agency will provide only \$360,302 for the Social Security Administration in contrast to the \$581,300 requested. This is a reduction of 40 percent from the estimate. The Social Security Administration has continually recognized the need for keeping travel costs to a minimum. The 1948 estimate represents only 65 percent of the level of travel during the fiscal year 1941.

In 1948, the Social Security Administration is requesting an additional \$77,215 largely because of the need to perform travel in the administration of the amendments to the Social Security Act as passed in 1946 which will be required to furnish technical service to States in interpreting and applying the provisions of the amendments. This applies to changes in the matching basis of grants for public assistance; to the establishment of an unemployment-benefits program for seamen, and to an increase in the Federal-State activities of the Children's Bureau programs—all changes in Federal-State programs occasioned by the passage of the 1946 amendments to the Social Security Act.

For these reasons the Social Security Administration respectfully requests the restoration of the full amount of the \$220,998 made by the House and applicable to the Social Security Administration, exclusive of the Bureau of Old-Age and Survivors Insurance.

PRINTING AND BINDING

(Estimate fiscal year 1948, \$347,665; total anticipated 1947, \$262,308)

(Explanatory note: The amount requested for restoration hereunder for this organization is included in the central appropriation for this purpose under the Office of the Administrator.)

Justification

The 1948 estimate for printing and binding for the Social Security Administration, exclusive of the Bureau of Old-Age and Survivors Insurance, is \$347,665. The amount proposed by the House for printing and binding to be appropriated to the Federal Security Agency will provide only \$206,459 for the Social Security Administration or a reduction of 40 percent from the 1948 estimate.

The Social Security Administration prints leaflets as an economical method of communicating with employees as to their rights to benefits under the Social Security Act and to employers as to their duties in complying with the act. Because of the constantly changing public which social security serves, the need for such printed material has continued from the inception of the program.

The Social Security Administration also prints the bulletins of the Children's Bureau which are the product of exploration into the fields of child health and welfare conducted by the Children's Bureau.

In 1948 the Social Security Administration is requesting an additional \$85,357 for printing in these two aforementioned categories. Most existing informational material must be rewritten because of the Social Security Act amendments.

The Children's Bureau publications will require the allocation of additional funds as a result of the tremendous demand from the public for information as to child care and welfare. During the fiscal year 1946 Members of Congress alone requested a total of 625,000 copies of one pamphlet, Infant Care. Current demand for Infant Care is 85,000 monthly. To continue to meet this demand on an annual basis and for other pamphlets in similar demand over \$40,000 more will be required in 1948.

In order to meet these and other minor additional requirements in 1948, the Social Security Administration respectfully requests restoration of the \$141,206 reduction made by the House.

OFFICE OF THE ADMINISTRATOR

SALARIES, OFFICE OF THE ADMINISTRATOR

(Estimate 1948, \$375,000; total anticipated 1947, \$314,579)

Page 37, line 22, strike out "\$320,000" and insert "\$375,000."

The restoration of \$55,000 is requested to cover positions in the following sections:

	Positions	Amount
Office of Federal-State relations.....	3	\$14,564
Office of Inter-Agency and Inter-National Relations.....	5	27,257
Office of Special Services.....	1	8,179
Budget Division.....	2	5,000
Total.....	11	55,000

Justification

Office of Federal-State Relations.—The Agency is keenly aware of, and in sympathy with, the desire of the Congress to reduce expenditures and avoid unnecessary or duplicating activities. The Office of Federal-State Relations was established with this end in view. The Office is examining all of the grant-in-aid programs under the Agency with a view to clarifying the requirements in the various Federal laws. It is also working with the constituent units of the Agency to develop common standards wherever there are similar requirements and to promote joint action by the several Federal agencies in dealing with a single State agency. As a result of the work so far it is clear that the amount of material heretofore submitted by the States in some fields can be drastically reduced. This work will unquestionably result in economy and increased efficiency for both the State and the Federal agency, but it will take a little time to achieve this. Progress has been made, but much remains to be done. The restoration requested is necessary to continue the minimum staff now engaged in this work.

Office of Interagency and International Relations.—The restoration of the budget requested for 1948, which provides for only seven persons, including three stenographers, is essential in order to maintain the minimum necessary staff in the Office of Interagency and International Relations. Without this minimum staff the Administrator cannot meet the requirement for Agency representation on interdepartmental committees dealing with international matters nor coordinate and direct the international aspects of the Agency program.

The Office of Interagency and International Relations was set up to take care of the growing responsibilities of this Agency in the international field. It must be provided with a minimum staff of persons concerned with the interest of the Agency as a whole and familiar with matters not falling exclusively within the field of any one branch of the Agency if the Administrator is to assume his responsibilities for central coordinating and policy-forming functions.

The Office of the Administrator must represent the Agency in the interdepartmental machinery set up by the State Department to determine the United States' position on subjects within its competence. Similarly, the Office must be ready when called upon by the State Department to provide competent advisers to United States representatives upon request.

The State Department must turn to the Federal agencies competent in the various fields of activities which are being dealt with by the United Nations and its subsidiary and affiliated organizations for advice and consultation in their fields as to the position which the United States Government will take in connection with the deliberations of these bodies. Unless the United States representatives are fully instructed, the point of view of the United States will not be adequately reflected in the international agreements adopted by these bodies.

Office of Special Services.—The Administrator has delegated to the Commissioner for Special Services responsibility for that portion of Reorganization Plan No. 2 which assigns to the Federal Security Agency as one of its broad objectives—in addition to health, education, and social security—"recreation (apart from the operation of parks in the public domain)." This requires a specialist in recreation, and will be limited to advice and consultation on recreation problems requested by States and communities and private groups such as the American Recreation Society. Recreation is of growing concern to the American people. The Federal Security Agency receives approximately 500 calls per month for published materials and other technical help on community recreation program and organization. In March 1947, for lack of staff, requests were turned down for consultative visits to Kentucky, Ohio, North Carolina, Georgia, and Alabama. The Federal Security Agency, throughout the calendar year 1947, must also perform certain continuing contractual obligations and commitments entered into with the United Service Organizations (USO) and the Federal Works Agency involving wartime Federal recreation properties and the proper expenditure of USO funds. This function is particularly important during the current calendar year because it is necessary to reduce the program operations of USO to keep within an income for the year of \$12,000,000 as against a planned expenditure of \$19,000,000. This requires continuous and almost daily collaboration with the Army and Navy, the USO, and the Federal Works Agency.

DIVISION OF PERSONNEL MANAGEMENT

(Estimate 1948, \$170,000; total anticipated 1947, \$147,240)

Page 38, line 7, strike out "\$132,500" and insert "\$170,000."

There are now on the books 98 basic statutes and Executive orders governing personnel administration in the Federal Security Agency, 52 of which have come since 1940. These are obligations from which the Administrator cannot escape; he needs competent and adequate staff to help meet them.

In the face of such increase in number, variety, and difficulty of responsibilities that the Division carries for the Administrator, or assists him in carrying, it has so diminished in size since 1942 that, whereas funds in that year provided 49 employees, the amount approved by the House would permit only 29 and the full amount requested would permit only 39. This staffing is based on the maximum practicable decentralization of operations to constituent organizations of the Agency.

This amount is requested to enable the Administrator, with the assistance of the Division of Personnel Management, to discharge effectively his responsibility for management and direction of the Agency's personnel matters and for insuring adherence throughout the Agency to laws governing classification and compensation, veteran preference, examination and appointments, and other subjects.

What a reduction would entail

If the requested appropriation was not granted, the Administrator would be forced—

(a) Practically to abandon effective review and control of field classifications—although the present review saves each year considerably more than the entire cost of the Division, by keeping classifications in line with the Classification Act;

(b) To reduce direction and control over the development and conducting of examinations for technical positions peculiar to this Agency;

(c) To give up most of the assistance to the Public Health Service in the continuous improvement of examinations and other personnel techniques in operation of the commissioned corps;

(d) To reduce below a point of reasonable effectiveness other personnel management activities essential to the efficient administration of a large organization, such as supervision of necessary work in appointment processes, transfers,

leave regulations, on-the-job training and work simplification, employee relations and morale, the enforcement of personnel laws and regulations, and personnel work generally in the Agency.

DIVISION OF SERVICE OPERATIONS

(Estimate, 1948, \$343,500; total anticipated, 1947, \$327,117)

Page 38, line 9, strike out "\$294,400" and insert in lieu thereof "\$343,500."

Justification

The House bill would make \$294,400 available to the Division of Service Operations in 1948. The House based its reduction from the 1948 estimate on the assumption that savings incident to the economy should inure from effective integration of the functions received via the reorganization plan.

The House report indicates that the committee recognized the need for reduction in expenditures; however, the Division of Service Operations has been expanding services to all the constituent organizations of the agency as well as to the Office of the Administrator during the past few years as compared to a steadily decreasing staff.

In the fiscal year 1941, the Division of Service Operations had a staff of 166 positions and services only for the Office of the Administrator, with the exception of tabulating and duplicating services supplied all the constituent organizations. During the fiscal year 1947 the staff of the Division of Service Operations totals 126 positions, yet the services have been greatly expanded. Purchasing and contract analyzation that provides for centralization of contracts and controls of agency purchasing has been established by the Division for the agency. A records management program to include expansion of nonrecords disposal and a storage program, analysis of correspondence practice of the agency to effect economies, a detailed survey of duplicate files, and in-service training for mail and record personnel for all constituent organizations of the agency has been installed with appreciable economies of space and equipment already attained. A space-planning program has been initiated for the acquisition, assignment, utilization, and control of all space for the agency, thereby effecting a service of efficiency and economy in management and an elimination of duplication in this field. Communication service is also provided by this Division on an agency-wide basis.

The Division has extended service to those constituents now being located in the building with the Office of the Administrator or buildings adjacent thereto in mail, file, control of official automobiles, and inquiry. This service will continue to expand with resultant merging of activities of these respective constituents, thereby effecting great economies in space and management and eliminating much duplication.

The Division of Service Operations has established a record with the Congress of having diligently exercised efficient management policies along with stringent economies to provide greater service to the agency. To reduce this amount would result in greatly decreased service for the agency and permit duplication of many activities within the constituent organizations, thereby disregarding the principles of sound management.

OFFICE OF THE GENERAL COUNSEL

(Estimate, 1948, \$255,650; total anticipated, 1947, \$742,775)

Page 38, line 11, strike out "\$325,600" and insert "\$525,650," an increase of \$200,050.

Explanation

The House bill would make \$637,100 available to the Office of the General Counsel in 1948, a reduction of about 17 percent from the amount available in 1947.

Of this amount \$29,000 is earmarked for OASI purposes. Therefore the reduction for other legal services amounts to about 30 percent below 1947. This curtailment in service will apply to the programs of old-age assistance, aid to dependent children, aid to the blind, unemployment compensation, the Children's Bureau, hospital construction, public health, education, food and drugs, vocational rehabilitation, and others in the Federal Security Agency.

The House based its action on two assumptions: First, it assumed that "Reductions made in the estimates for various constituent units of the Agency afford a basis for some reduction in necessary legal services," and, second, it assumed "that with provident allocation among the several activities requiring legal assistance the amount granted should prove adequate."

Reductions made in appropriations for administrative expenses of the various constituent units of the Agency, which would have to be furnished legal services out of the non earmarked funds, amount to only 1.8 percent of 1947 appropriations. The appropriations for the programs—that is, grants to States etc.—which these units will administer are increased rather than reduced.

In recommending "provident allocation," the House committee appears to have overlooked the fact that \$291,000, or about one-half of the total sum made available, is earmarked by the terms of the bill for services in connection with but one program of the Agency. "Provident allocation" will not enable the Office, with only 70 percent of its 1947 funds, to furnish the same necessary legal services for the remaining programs.

The Office in the present fiscal year services the whole Federal Security Agency with less personnel than in 1940 when it serviced the Social Security Board alone. In spite of expansion of responsibilities during these years, the size of the Office has diminished. It cannot continue its present efficient operation if further reduced.

MISCELLANEOUS EXPENSES

(Estimate, 1948, \$70,000; total anticipated, 1947, \$70,000)

Page 39, line 2, strike out "\$65,000" and insert in lieu thereof "\$70,000."

Justification

The estimate for 1948, although it represents the same amount as anticipated for 1947, reflects a decrease. The explanation for this lies in the fact that greatly increased costs for rents, utilities, contractual services, supplies, materials, and equipment clearly indicates that much less can be purchased with the same amount that was available for the past fiscal year. The approximate increase for these items is conservatively placed at 25 to 30 percent above those of the previous fiscal year. This definitely shows that our request reflects a 25 to 30 percent decrease in anticipated purchasing for the 1948 fiscal year, and that the full amount of the 1948 estimate is sorely needed to continue operation of existing services as provided by this appropriation. Many economies have been effected in these services during the war years and replacement of equipment has remained at the minimum. The 1948 estimate was submitted on the basis that many essential supplies and much equipment could be procured from the War Assets Administration at a reasonably lower price than that of the competitive market. At the time our estimate was submitted, we used the best figures available from Public Buildings Administration for estimated cost of telephone service lines and were given the figure of \$5 per line per month. We have now been informed that this same service will cost an estimated \$7 per line. This represents an increase of \$4,000 above our 1948 estimate.

TRAVELING EXPENSES

(Estimate 1948, \$3,227,500; total anticipated 1947, \$2,822,510)

Page 39, line 15, strike out "\$1,571,700" and insert "\$2,534,200," an increase of \$962,500.

The restoration requested is divided among the constituent units of the Agency as follows:

Office of the Administrator.....	\$15, 580
Bureau of Employees' Compensation.....	19, 350
Food and Drug Administration.....	74, 860
Office of Education.....	58, 444
Office of Vocational Rehabilitation.....	33, 440
Public Health Service.....	539, 828
Social Security Administration.....	220, 998
Total.....	962, 500

The amount allowed, \$1,571,700, is greatly below the comparable amount available in 1947 and will severely hamper the proper functioning of the many important programs throughout the Agency whose work loads are higher today than in the past.

There are numerous programs in the Agency where travel is so definitely tied up with operations that to curtail travel means to seriously affect actual program operations. The restorations listed above will be justified by the participating organizations and their explanations will be found immediately after justifications for their operating appropriations.

OFFICE OF THE ADMINISTRATOR

Justification

The reduction of \$15,580 in that part of the central travel appropriation directly applicable to the Office of the Administrator comes at a time when I have given most serious consideration to better management and close coordination of the Agency as a whole. I believe that \$15,580 will afford me an opportunity to run the Agency much better than if I were forced to do it largely from a desk in my office.

PRINTING AND BINDING

(Estimate 1948, \$1,676,000; total anticipated 1947, \$1,153,208)

Page 39, line 23, strike out "\$558,700" and insert "\$939,665," an increase of \$380,965.

The restoration requested is divided among the constituent units of the Agency as follows:

Office of the Administrator.....	\$6, 966
Bureau of Employees' Compensation.....	10, 153
Food and Drug Administration.....	12, 028
Office of Education.....	48, 600
Office of Vocational Rehabilitation.....	12, 150
Public Health Service.....	149, 862
Social Security Administration.....	141, 206
Total	380, 965

The amount allowed, \$558,700, is below the comparable amount available in 1947 despite enormous increases in printing costs and past inadequacies of funds which have caused a backlog in printing necessary and important documents, such as notices of judgment by Food and Drug Administration and Public Health reports, etc.

The restorations listed above will be justified by the participating organizations and their explanations will be found immediately after justifications for the operating appropriations.

OFFICE OF THE ADMINISTRATOR

Justification

The restoration of \$6,966 is necessary largely to cover the increase of from 26 to 30 percent in printing costs and for tabulating cards and forms needed to place additional accounting and statistical programs under the tabulating machine system.

PENALTY MAIL COSTS

(Estimate 1948, \$692,000; total anticipated 1947, \$485,075)

Page 40, line 3, strike out "\$480,000" and insert "\$692,000," an increase of \$212,000.

The amount requested to be restored is divided among the constituents units of the Agency as follows:

Food and Drug Administration.....	\$552
Freedmens Hospital.....	156
Office of Education.....	22, 472
Public Health Service.....	98, 365

St. Elizabeths Hospital-----	\$135
Social Security Administration-----	87, 468
Office of Vocational Rehabilitation-----	2, 042
Office of Administrator-----	810
Total -----	212, 000

This increase is necessary largely to cover the 24 percent increased cost of penalty mail in 1948. These funds will also provide for 6,000,000 additional mailings by the Division of Vital Statistics for the purpose of gathering information on births and will allow for heavier mailings, due to the increased number of claims for old-age and survivors insurance benefits, necessitating the mailing of forms and letters to handle the payment of claims.

OFFICE OF THE ADMINISTRATOR

CIVILIAN WAR ASSISTANCE

(P. 40, line 18)

(Estimate, fiscal year 1948, \$1,000,000; total anticipated 1947, \$4,750,000)¹

Page 40, line 18, strike out “\$750,000” and insert in lieu thereof “\$1,000,000.”

Justification

The House committee report indicates that the estimate of \$1,000,000 to provide temporary financial assistance to approximately 15,500 American citizens to be repatriated should be reduced by \$250,000 because of various conditions which make it difficult to render a realistic estimate. The requirements for the fiscal year 1948 were based on an estimate provided by the Department of State that about 15,500 Americans will be repatriated in 1948, and the cost of assistance was computed on the basis of actual operating experience.

The improvement of communication lines recently in such countries as Poland, Czechoslovakia, and Yúgoslavia has made it possible for the Department of State to obtain more accurate information regarding the total number of Americans requesting repatriation. On the basis of this more recent information, the Department of State was able to testify at the hearings before the House Labor-Federal Security Subcommittee on Appropriations that approximately 20,000 Americans would be repatriated in the fiscal year 1948 in place of the earlier estimate of 15,500 reported to the Federal Security Agency. Although many intangible factors affect the extent of program costs it is believed, in view of this more recent information and the present trend, that the request of \$1,000,000 is conservative. Therefore, it is recommended that the full amount of the request be granted.

Statement of selected reductions made by the House of Representatives (H. R. 2700) in Federal Security Agency budget estimates for fiscal year 1948 which are recommended to the Senate Appropriations Committee for restoration

Appropriation	Estimate, 1947 ¹	Estimate, 1948	Amount recom- mended by House	Increase (+) or decrease (-), 1948 estimate compared with 1947	Increase (+) or decrease (-), bill compared with esti- mate
Salaries and expenses, Bureau of Employ- ees' Compensation-----	\$1, 500, 000	\$1, 476, 000	\$1, 276, 000	—\$24, 000	—\$200, 000
Employees' compensation fund-----	11, 100, 000	10, 750, 000	10, 000, 000	—350, 000	—750, 000
Salaries and expenses, Food and Drug Administration-----	3, 335, 000	4, 129, 000	3, 884, 700	+794, 000	—244, 300
Salaries, sea-food inspectors, Food and Drug Administration-----	40, 000	40, 000	-----	-----	—40, 000
Certification Service, Food and Drug Administration-----	292, 000	431, 000	331, 000	+139, 000	—100, 000

¹ Excludes deficiency estimates covering cost of pay increase contained in H. R. 2849 and H. Doc. 101.

¹ \$1,000,000 will not be expended and this amount was carried for rescission in the urgent deficiency appropriation act (H. R. 1968).

Statement of selected reductions made by the House of Representatives (H. R. 2700) in Federal Security Agency budget estimates for fiscal year 1948 which are recommended to the Senate Appropriations Committee for restoration—Continued

Appropriation	Estimate, 1947 ¹	Estimate, 1948	Amount recom- mended by House	Increase (+) or decrease (—), 1948 estimate compared with 1947	Increase (+) or decrease (—), bill compared with esti- mate
Salaries and expenses, Office of Education—	\$1, 157, 000	\$1, 726, 700	\$1, 252, 900	\$+569, 700	\$-473, 800
Payments to States, Vocational Rehabilitation Act, as amended, Office of Vocational Rehabilitation—	11, 747, 800	19, 710, 000	18, 000, 000	7, 962, 200	-1, 710, 000
General administrative expenses, Office of Vocational Rehabilitation—	564, 300	729, 000	500, 000	+164, 700	-229, 000
Control of tuberculosis, Public Health Service—	7, 994, 000	8, 430, 000	8, 000, 000	+436, 000	-430, 000
Assistance to States, general, Public Health Service—	15, 565, 000	² 20, 971, 000	15, 682, 300	5, 406, 000	-5, 288, 700
Hospital and construction activities, Public Health Service—	2, 350, 000	50, 965, 000	865, 000	+48, 615, 000	-50, 100, 000
Hospitals and medical care, Public Health Service—	20, 354, 900	20, 250, 000	20, 000, 000	-104, 900	-250, 000
Mental health activities, Public Health Service—		5, 108, 000	4, 000, 000	+5, 108, 000	-1, 108, 000
Foreign quarantine service, Public Health Service—	1, 985, 900	2, 491, 700	2, 450, 000	+505, 800	-41, 700
Employee health service programs—		901, 000	300, 000	+901, 000	-601, 000
Commissioned officers, pay, etc., Public Health Service—	5, 318, 400	³ 6, 174, 000	5, 750, 300	+855, 600	-423, 700
Training for nurses, Public Health Service—	16, 300, 000	4, 834, 000	4, 500, 000	-11, 466, 000	-334, 000
Salaries and expenses, Public Health Service—	1, 931, 625	3, 916, 000	3, 600, 000	+1, 984, 375	-316, 000
Office of International Health Relations, Public Health Service—	290, 700	300, 000	275, 000	+9, 300	-25, 000
Salaries, Bureau of Public Assistance, Social Security Administration—	965, 000	1, 270, 000	1, 150, 000	+305, 000	-120, 000
Salaries, Bureau of Employment Security, Social Security Administration—	900, 000	1, 154, 000	900, 000	+254, 000	-254, 000
Salaries and expenses, Bureau of Old Age and Survivors Insurance (title II) ⁴ —		762, 000	700, 000	+762, 000	-62, 000
Salaries and expenses, Childrens Bureau—		510, 400	400, 000	+510, 400	-110, 400
Salaries and expenses, maternal and child welfare, Social Security Act, Children's Bureau—	425, 000	1, 016, 500	700, 000	+591, 500	-316, 500
Salaries, consolidated operations, Social Security Administration—	3, 448, 162	3, 794, 000	2, 072, 000	+345, 838	-1, 722, 000
Salaries, Office of Administrator—	195, 659	375, 000	320, 000	+179, 341	-55, 000
Salaries, Division of Personnel Management—	126, 000	170, 000	132, 500	+44, 000	-37, 500
Salaries, Division of Service Operations—	279, 617	343, 500	294, 400	+63, 883	-49, 100
Salaries, Office of General Counsel—	615, 765	525, 650	325, 600	-90, 115	-200, 050
Miscellaneous expenses—	70, 000	70, 000	65, 000		-5, 000
Travel expenses, Federal Security Administration—	2, 555, 100	3, 227, 500	⁵ 1, 571, 700	+672, 400	-1, 655, 800
Printing and binding, Federal Security Administration—	950, 000	1, 676, 000	⁶ 558, 700	+726, 000	-1, 117, 300
Penalty mail costs, Federal Security Administration—	400, 000	692, 000	480, 000	+292, 000	-212, 000
Civilian war assistance—	4, 750, 000	1, 000, 000	750, 000	-3, 750, 000	-250, 000
Total—	117, 506, 928	179, 918, 950	111, 087, 100	+62, 412, 022	-68, 831, 850

² Excludes \$3,882,656 transferred to National Cancer Institute.

³ Excludes \$249,635 transferred to National Cancer Institute.

⁴ Amounts shown cover costs of administering veterans' survivors benefits. Normal operating expenses paid from Federal old-age and survivors trust fund.

⁵ Excludes a total of \$528,300 which the committee has reduced from a total of \$693,300, in the Budget and transferred as follows: To National Cancer Institute, \$15,000; to trust fund limitation under the item "Salaries and expenses, Bureau of Old-Age and Survivors Insurance," \$513,300.

⁶ Excludes a total of \$441,300 which the committee has reduced from a total of \$736,335 in the Budget and transferred as follows: To National Cancer Institute, \$12,000; to trust and limitation under the item "Salaries and expenses, Bureau of Old-Age and Survivors Insurance," \$429,300.

Federal Security Agency on field and departmental personnel

Bureau or office	Personnel as of Feb. 28, 1947		1948 Budget estimate		Provided in H. R. 2700 passed by House		Restora- tion re- quested of the Senate
	Num- ber of posi- tions	Em- ployees actually on rolls	Num- ber of posi- tions	Average number of em- ployees	Num- ber of posi- tions	Average number of em- ployees	
Bureau of Employees' Compensation: Salaries and expenses.....	518	507	455	420	385	374	70
Food and Drug Administration:							
Salaries and expenses.....	981	924	1,025	1,023	981	952	44
Salaries, Sea-food Inspectors.....	34	26	34	32	34	32	34
Certification services.....	79	77	79	78	79	77	1 27
Subtotal.....	1,094	1,027	1,138	1,133	1,060	1,029	105
Office of Education: Salaries and expenses.....	277	270	364	357	249	239	115
Office of Vocational Rehabilitation:							
Payments to States.....	31	26	45	42	23	23	22
General administrative expenses.....	141	131	163	163	106	104	57
Subtotal.....	172	157	208	205	129	127	79
Public Health Service:							
Control of tuberculosis.....	² 335	292	² 370	363	330	322	40
Assistance to States, general.....	³ 341	262	⁴ 512	490	⁵ 383	378	129
Hospital and construction activities.....	⁶ 197	136	⁷ 201	184	188	172	13
Hospital and medical care.....	⁸ 6,736	⁹ 6,482	¹⁰ 6,525	6,319	6,525	6,349	-----
Mental health activities.....	¹¹ 880	802	¹² 998	961	991	954	7
Foreign quarantine service.....	¹³ 641	569	¹³ 673	642	673	642	-----
Federal employee health service programs.....	62	37	235	195	102	85	133
Commissioned officers, pay, etc.....	1,107	791	1,246	1,152	1,246	1,114	-----
Training for nurses.....	114	104	¹⁴ 88	84	81	75	7
Salaries and expenses.....	¹⁵ 969	911	¹⁶ 1,139	1,094	1,043	1,040	96
Office of International Health Relations.....	¹⁷ 39	30	¹⁷ 42	41	40	39	2
Subtotal.....	11,421	10,416	12,029	11,555	11,604	11,170	427
Social Security Administration:							
Salaries, Bureau of Public Assistance.....	265	256	300	297	272	269	28
Salaries, Bureau of Employment Security.....	245	252	276	268	213	207	63
Salaries and expenses, Bureau of Old-Age and Survivors Insurance.....	11,541	11,302	12,149	11,992	12,063	11,899	86
Children's Bureau:							
Salaries and expenses:							
General.....	113	101	131	124	99	97	32
Maternal and child welfare.....	226	183	247	236	171	164	76
Salaries, consolidated operations.....	933	829	922	882	678	658	244
Subtotal.....	13,323	12,923	14,025	13,799	13,496	13,294	529

¹ Additional positions covered under amendment included in Senate Document 20 providing for certification of Streptomycin.

² Excludes 3 part-time and 40 W. A. E. positions.

³ Excludes 1 W. A. E. position.

⁴ Excludes 21 W. A. E. positions.

⁵ 87 positions transferred to "operating expenses, National Cancer Institute, Public Health Service."

⁶ Excludes 16 temporary positions.

⁷ Excludes 40 temporary employees.

⁸ Excludes 398 part-time, 158 W. A. E., 100 cadet nurses, 131 trainees, and 100 temporary positions.

⁹ Excludes 363 part-time, 17 W. A. E., 97 cadet nurses, and 13 trainees.

¹⁰ Excludes 397 part-time, 158 W. A. E., 100 cadet nurses, 166 trainees, and 100 temporary positions.

¹¹ Excludes 11 part-time positions.

¹² Excludes 11 part-time and 31 W. A. E. positions.

¹³ Excludes 71 part-time and 60 W. A. E. positions.

¹⁴ Excludes 5 W. A. E. employees.

¹⁵ Excludes 1 part-time, 65 W. A. E. and 5,115 W. O. C. positions.

¹⁶ Excludes 1 part-time, 65 W. A. E., and 5,150 W. O. C. positions.

¹⁷ Excludes 325 temporary positions.

Federal Security Agency on field and departmental personnel—Continued

Bureau or office	Personnel as of Feb. 28, 1947		1948 Budget estimate		Provided in H. R. 2700 passed by House		Restora- tion re- quested of the Senate
	Num- ber of posi- tions	Em- ployees actually on rolls	Num- ber of posi- tions	Average number of em- ployees	Num- ber of posi- tions	Average number of em- ployees	
Office of the Administrator:							
Salaries, Office of Administrator	70	60	75	73	64	62	11
Salaries, Division of Personnel Management	35	36	39	39	29	29	10
Salaries, Division of Service Opera- tions	134	129	135	132	110	109	25
Salaries, Office of General Counsel	194	166	206	198	164	156	42
Subtotal	433	391	455	442	367	356	88
Grand total	27, 238	25, 691	28, 674	27, 921	27, 238	26, 589	1, 413

Federal Security Agency comparative statement of positions by fiscal years

Constituent unit	Fiscal year					
	1941	1942	1943	1946	1947 ¹	1948
Bureau of Employees' Compensation	241	234	321	545	518	455
Columbia Institution for the Deaf	79	80	84	87	90	95
Food and Drug Administration	880	887	900	1, 007	1, 108	1, 152
Howard University	514	530	569	603	809	809
Office of Education	204	212	213	224	277	364
Office of Vocational Rehabilitation ²				141	172	208
St. Elizabeths Hospital ³	1, 966	2, 068	2, 118	2, 174	2, 557	2, 555
Social Security Administration	11, 358	11, 971	11, 908	11, 016	13, 323	14, 025
Freedmen's Hospital	449	461	463	549	721	994
Public Health Service	10, 413	13, 217	16, 295	16, 823	17, 564	18, 327
Office of Administrator	464	460	437	392	433	455
Total	26, 568	30, 120	33, 308	33, 561	37, 572	39, 439

¹ U. S. Employees' Compensation Commission abolished by Reorganization Plan II and functions transferred to Federal Security Administration.

² During the period 1941-43 this organization did not exist as such, it was a division within the Office of Education.

³ 1941 to 1946, 44- to 48-hour workweek; 40 hours thereafter.

FEDERAL SECURITY AGENCY

STATEMENTS OF HON. WATSON B. MILLER, ADMINISTRATOR; JACK B. TATE, GENERAL COUNSEL; LEO L. MILLER, EXECUTIVE ASSISTANT TO THE ADMINISTRATOR; AND M. A. STEPHENS, BUDGET OFFICER, OF THE FEDERAL SECURITY AGENCY

GENERAL STATEMENT

Senator KNOWLAND. Mr. Miller, you may proceed.

Mr. W. B. MILLER. Mr. Chairman and gentlemen: I would like to make a brief statement by way of introduction to the more detailed support we wish to offer for the restoration of certain items of adjustment downward made by the House in the Budget estimates of the Federal Security Agency for the fiscal year 1948.

In accordance with the instructions issued by the President, the budget estimates submitted to the Congress for the Federal Security

Agency constituted what has properly been designated as a tight budget; by this I mean that it provided the absolute minimum consistent with the sound administration of our programs and it is on that basis that we are soliciting your favorable consideration today.

CONSIDERATION OF ESTIMATES BY HOUSE SUBCOMMITTEE

The subcommittee which handled our estimates in the House conducted extended hearings and despite their pressing work schedules, the members took time during the course of the hearings personally to inspect some of our local institutions.

In a few instances, such as the provisions made for Freedmen's Hospital, the National Cancer Institute, and the treatment of venereal diseases, substantial increases over the budget estimates were voted by the House. With some exceptions, the House allowed the funds requested for the payments to the States of the statutory grants in the fields of health, education, and welfare but reduced the amounts requested for the Federal administration of the programs. Some of these reductions though relatively small in terms of dollars would require deep cuts of existing staffs and materially lessen the effectiveness of our contribution to the successful administration of programs involving Federal expenditures totaling hundreds of millions of dollars.

These matters will be dealt with in more detail by the representatives of the various Agency establishments who are scheduled to testify here today.

It may well be that in presenting the House subcommittee requests for some of the units which report directly to me, such as the Office of the General Counsel, the Office of Federal-State Relations and the Office of Inter-Agency and International Relations, our justifications gave an inadequate portrayal of the existing situation, with the result that the House felt justified in taking extreme action.

OFFICE OF THE GENERAL COUNSEL

The general counsel, who will with permission testify later, tells me that despite the transfer of additional organizations to the Agency and the expansion of the Agency's work in recent years, especially in the health and welfare areas, his staff is actually smaller than that of a single legal unit, the Social Security Board's when it was transferred to the Agency in 1939.

While this of itself is not conclusive evidence of the inadequacy of the sum provided in the House bill for our legal services for the next fiscal year, it does show that the general counsel has had during recent years to accommodate his work to constantly reducing personnel. Further cuts we believe would be unwise in the extreme.

OFFICE OF INTERAGENCY AND INTERNATIONAL RELATIONS

I hope you will have time to hear Mrs. Ellen S. Woodward, Director of the Office of Interagency and International Relations, and Mr. George E. Biggs, Director of the Office of Federal-State Relations, report on their activities and demonstrate the importance of the work now being accomplished by their small staffs—a total of 12 for the two Offices.

Mrs. Woodward's office, since its establishment last July, has adequately and efficiently serviced a field of constantly increasing importance, namely, the coordination of the relationships of the Federal Security Agency with all other Federal departments and agencies, international agencies, and organized groups concerned with health, education, welfare, social insurance and related programs and advising and making recommendations to the Administrator relating to such activities.

With the increasing demands on the Agency to contribute to the formulation of the United States international social policy, it has been necessary to have staff at the Agency level, acting for the Administrator, to participate in interdepartmental committees and in relations with the State Department and United States members on international bodies concerning matters of interest to the Agency as a whole.

The cut in the appropriation contemplated by the House action would leave on duty only the Director of the Office and a stenographer and would compel the Agency, in large measure, to revert to the somewhat uncoordinated system that prevailed in the past when each unit of the Agency maintained its own independent contacts without effective coordination from the Office of the Administrator.

I hope the committee will let me display even at a distance a list of Presidential commissions, the international bodies, the interdepartmental bodies, and a whole host of quasi-public or private associations germane to our general field of medicine and health welfare. We work with all of these.

One could easily see it is a tremendous and perhaps not too impressive a list by reason of the number of organizations involved, but I should like to say to the chairman and the members of the committee we are not very acquisitive in reaching out for more work than we can assimilate and handle.

However, there are on this list which I had collected for my personal information five Presidential boards and conferences; six interdepartmental committees and boards of importance; State organizations, which would be the budget officers, the unemployment people and the like, seven of them; the outside organizations, quasi-public or private organizations constitute a whole host. There are something like 15 international organizations. You are familiar with the work that they do.

This chart shows in rather simplified form the organization of the United Nations, and in almost every one of these segments we have been called upon on the basis of our experience to contribute something either as members or advisers.

OFFICE OF FEDERAL STATE RELATIONS

For some years, there has been just criticism of the Agency's failure effectively to coordinate the various Federal-State programs under our jurisdiction thus I regard the establishment of Mr. Bigge's office as a major contribution to the correction of our deficiencies in this regard.

To reduce his staff from five employees to two employees would strike a major blow to a most constructive effort.

The Congress expects, and we expect, to improve and simplify our varied and complex relationships with the States, particularly with respect to something like 16 grant-in-aid programs involving approximately \$800,000,000 per annum.

Mr. Bigge's office has made material progress in this direction. It would be a mistake to impair an activity practically at its inception which everybody—including the States themselves—approves and this approval is clearly evidenced by communications I have had from substantially every State governor.

I solicit in all earnestness your favorable consideration of the items presented.

RESTORATION OF BUDGET ESTIMATES REQUESTED

Senator BALL. Mr. Miller, are you asking the restoration of the full budget estimate in every instance?

Mr. W. B. MILLER. Yes, sir.

Senator BALL. Is that your own decision, or were you directed to do that?

Mr. W. B. MILLER. Could I ask the Senator from Minnesota to use his own judgment with respect to that? I do not mean to be impudent, Senator Ball; but it is my understanding we have to support the President's budget, not to increase it or to decrease it.

Senator KNOWLAND. Are there any other questions?

PERCENTAGE OF HOUSE REDUCTION

Senator DWORSHAK. What was the full percentage of the cut made by the House?

Mr. W. B. MILLER. It was reported to me that the full cut was in the neighborhood of 8 percent. But you see, Senator Dworshak, when you consider seven or eight or nine hundred million dollars in the field of mandatory grants it does fall very heavily upon the administrative costs of operating so great a program, which I believe we figure now at only about 3.1 percent of the whole, and .6 percent, which includes the operation of 30 hospitals, all the research work and the other things that are not only desirable, but which are imposed on us by statute.

Senator DWORSHAK. The estimate for 1947 shows you had \$117,506,928. The estimate for 1948 shows \$179,918,950, while the House recommended \$111,087,100, which is only a cut of about 6½ million, is that not right?

Mr. W. B. MILLER. In general, with the kind of work we do and the overhead which is attached to the scientific operations and medical operations, it is in the neighborhood of \$10,000,000.

TOTAL NUMBER OF EMPLOYEES

Senator DWORSHAK. What is the total number of employees that you have in the whole agency?

Mr. W. B. MILLER. I think it is about 34,000 employees, between 33,000 and 34,000 employees; but we have had to send out separation notices to about 1,400 employees in compliance with the House cut.

QUESTION AS TO APPROPRIATION IN 1939

Senator McKELLAR. What was your appropriation in 1939?

Mr. L. L. MILLER. I have it here, Senator. If you will give me a minute I will look it up.

Senator McKELLAR. Yes.

Mr. L. L. MILLER. I think I will have to insert it in the record. May I say just one thing about that? There were two appropriations, as you will remember, the CCC and the NYA in the figure at that time.

Senator McKELLAR. Put each one of them in.

Mr. L. L. MILLER. You want them in major organizations.

Senator McKELLAR. Each one.

(The information is as follows:)

1939 appropriations were as follows:¹

Civilian Conservation Corps.....	\$248, 331, 000
National Youth Administration.....	75, 000, 000
Total	323, 331, 000

¹ Before establishment of the Federal Security Agency.

APPROPRIATIONS, FISCAL YEAR 1940, COMPARED WITH 1939 ESTIMATES

Mr. L. L. MILLER. The 1940 figure was \$813,000,000 in round figures. This I am taking from page 291 of this committee print.

Senator BALL. \$813,000,000?

Mr. L. L. MILLER. That is right.

Senator McKELLAR. How does that compare with today, this year?

Mr. L. L. MILLER. The estimate this year from the same office was \$960,168,600. A comparative table shows the following:

Federal Security Agency

Constituent organizations	Appropriations, 1940 ¹	Estimates, 1948 ²
In existence 1940:		
Office of Administrator.....	³ \$1, 200, 310	⁴ \$8, 079, 650
American Printing House for the Blind.....	115, 000	115, 000
Civilian Conservation Corp.....	294, 955, 000	
Office of Education.....	19, 177, 380	18, 541, 700
National Youth Administration.....	99, 979, 240	
Public Health Service.....	29, 503, 930	167, 723, 700
Social Security Board.....	367, 995, 440	⁵ 720, 843, 400
Total.....	812, 926, 300	⁶ 915, 303, 450
Agencies added since 1940:		
Bureau of Employees' Compensation.....		12, 226, 000
Columbia Institute for the Deaf.....		259, 500
Food and Drug Administration.....		4, 500, 000
Freedmens Hospital.....		1, 783, 000
Howard University.....		4, 107, 650
Office of Vocational Rehabilitation.....		20, 439, 000
St. Elizabeths Hospital.....		1, 550, 000
Subtotal.....		44, 865, 150
Total.....	812, 926, 300	960, 168, 600

¹ Source, 1941 Budget.

² Source, 1948 Budget.

³ Excludes transfers from other units \$1,344,706, and includes \$1,044,350 for printing and binding.

⁴ Includes central appropriations totaling \$5,595,500 for travel, printing and binding, penalty mail and \$1,000,000 for civilian war assistance.

⁵ Social Security Administration.

⁶ Subtotal.

Senator McKELLAR. What is your difference? What is the difference?

Mr. L. L. MILLER. The difference is about \$150,000,000 in round figures.

Mr. W. B. MILLER. The Senator made reference to the current year's appropriation a moment ago as related to the requests in the President's budget.

Senator DWORSHAK. Yes.

APPROPRIATIONS FOR CURRENT FISCAL YEAR AND 1948 ESTIMATE

Mr. W. B. MILLER. My résumé for 1947 suggests \$893,000,000 plus, with some expectations in connection with deficiencies in relation to the increased pay for Federal employees and so forth, which if approved by the Congress would come to \$899,000,000 plus.

The estimate for this year was about \$960,000,000.

INCREASE IN PERSONNEL OVER 1946

Senator DWORSHAK. I notice that in 1946 you had a total of 33,561 personnel and for 1948 you are requesting 39,439. That is quite a sizeable increase.

Mr. W. B. MILLER. The Senator will remember and most of the Senators will remember the House action, of course; the passage of additional legislation, the so-called Hill-Burton bill, the Hospital Survey and Construction Act; the Federal Employees Health Act; the Mental Health Act; and perhaps some others.

Mr. Miller, is the request for as many as 39,000 employees for 1948?

Mr. L. L. MILLER. That is correct, Mr. Administrator. 1,500 of those are in the Public Health Service—I am sorry. I would like to correct that if I may. The difference is 2,100. I got into the 1944-46 column. The Senator was comparing 1943 with 1948, is that correct?

REASON FOR INCREASE IN PERSONNEL SINCE 1946

Senator DWORSHAK. In 1946, you had 33,561. In 1948, you had 39,439, or an increase of approximately 6,000. Out of curiosity, I was wondering why it was necessary to have a 6,000 increase in personnel. It may be justified. There may be additional duties imposed on the agency, but I would like to have a little explanation of that.

Mr. STEPHENS. This has been brought about with the approval of the Congress and the Bureau of the Budget. In 1946, with 35,000 people, everybody worked 48 hours a week. We have some 35 hospitals, where it is around the clock 7 days each week. To reduce that to 40 hours makes a substantial increase in the number of noses you have to count.

The Administrator mentioned that there are about three new programs in Public Health, the hospital construction, the Employees Health Act, and the Mental Health Act, and there is also the distribution of the facilities through the War Assets Administration, which is reflected in education. There are over 100 people in education now attempting to distribute property from War Assets to schools and all those facilities. They are doing some work for War Assets and some for veterans.

The 40-hour week and around-the-clock operation is a sizable factor. In a day-to-day operation, which is 8 hours only, it would not mean so much.

AMOUNT FOR PAY INCREASES

Senator McKELLAR. What difference would it mean in money?

Mr. STEPHENS. Approximately 23 percent in people, Senator McKellar.

Senator McKELLAR. Of \$900,000,000?

Mr. STEPHENS. Twenty-three percent over all in people. It was at 48 hours a week. If you reduced that to 40, you would have to add some more money because you are paying a greater number of people there.

Senator McKELLAR. I want to get the amount. Will you put it in the record?

Mr. STEPHENS. Yes, sir. There were some cases in reducing X number of people from 48 hours and putting a greater number to 40 did not increase the cost. We have some of those cases.

Senator McKELLAR. Just give us the dollars.

Mr. STEPHENS. Yes, sir. When you get into money, there is still another factor from Senator Dworshak's question on counting numbers. There have been two pay increases. The same number of people would show an extensive amount of increase in money.

Senator McKELLAR. Put that in, too. Let me have it all.

(The information is as follows:)

Pay increases, Federal Security Agency

Public Law 106:

Total cost of increase to FSA	\$13, 854, 277
Absorbed (24.6 percent)	3, 407, 177

Appropriated	10, 477, 100
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Public Law 349, Seventy-ninth Congress.

Public Law 390:

Total cost	\$10, 162, 067
Absorbed (13.5 percent)	1, 375, 137

Transferred from savings in other appropriations ¹	8, 786, 930
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¹ Included in H. R. 2849 as passed by the House, providing for transfer of unobligated funds from other appropriations in the FSA to cover the cost, instead of direct appropriation.

PERCENTAGE OF HOUSE REDUCTION IN OPERATING EXPENSES

Senator BALL. What kind of a percentage cut did the House make in your actual operating divisions? You talk about a \$900,000,000 budget. The great bulk of that are these Federal Security payments and grants to States and so on.

Mr. W. B. MILLER. Sixteen grant-aid programs.

Senator BALL. What was the actual percentage cut in the operating functions?

Mr. STEPHENS. That was the 8 percent I mentioned to Mr. Miller a few minutes ago. Some ran as high as 40 and some showed a small increase, like Freedmen; but by putting them all together, we showed an 8-percent cut in the actual salary and expense items through the

bills, leaving the grants out of it. The cuts were applicable to the so-called administrative items in the bill.

There were some grant cuts in there. It is not administrative. On the administrative items, I ran that for one of the staff of the committee a few days ago and furnished that.

TOTAL REQUEST FOR 1948 AND AMOUNT ALLOWED BY HOUSE

Senator McKELLAR. Have you the figures that show the total amount your agency asked for and the total amount the House allowed?

Mr. STEPHENS. Yes, sir. That is on page 46 of the House Report No. 178. The request for 1948 was \$960,168,600. The House allowed \$899,045,180, a reduction of \$61,000,000.

Senator BALL. But 50 million of that is contract authorization, which they substituted for direct appropriation.

Mr. STEPHENS. That is right. That makes the figure out here \$11,123,000.

Senator McKELLAR. That is the difference.

Mr. STEPHENS. Yes, sir. Taking the 50 million for hospital construction out, it leaves an \$11,000,000 cut.

Senator BALL. Did not they increase some of the grants substantially, like the cancer, 6 million over the budget estimate?

Mr. W. B. MILLER. We had more grants to the extent of about \$6,000,000, and in the field of medicine, cancer, research, the National Institute of Health, and so forth.

Senator Ball, the grant and aid program, most of which I feel is mandatory, reading the laws now, runs to \$863,000,000.

You have been around a long time. I wonder whether you realize what they did cut to that extent 16 programs, and 16 times 48 categories of State laws to contend with. That is one of the things Mr. Bigge's office is trying to do, to establish a more stable relationship between the Federal Government and the States.

Each one of these programs requires a State plan with certain statutory requirements in it. Some elements can be interjected which are not required by Federal statute. But what we want to do we realize is not going to be easy. We would like to have a standard over-all State plan with these various segments in it so that the officials from the States coming to Washington will know to whom to go to transact business with.

AMOUNT OF HOUSE REDUCTION

Senator DWORSHAK. It has been pointed out a material reduction has been made by the House under the Budget request for 1948. I am looking at the House bill, and I find, and if you look at the 1947 total appropriation you will find, the House reduction is only \$132,932. Is that correct?

Mr. STEPHENS. Yes, sir. In the nurses' training program alone there is approximately \$16,000,000 less in 1948 than there was in 1947. That is one of the wartime programs. That was mostly grants, money paid to hospitals to train nurses.

Under the Public Health Service, there is a substantial reduction in that item which accounts for the difference between the 1947 average.

Senator DWORSHAK. That is not an accurate comparison, then.
Mr. STEPHENS. That is right, sir.

QUESTION AS TO ADDITIONAL DUTIES FOR 1948

Senator DWORSHAK. You have not had more duties imposed upon you for the coming year than you had during this fiscal year, have you?

Mr. STEPHENS. In a number of instances, yes, sir. There are several amendments to the Social Security Act, in all three of its bureaus. There are three completely new laws applying to the Public Health Service. These are the Hospital Construction, the Mental Health Act—which has some of the grant money in here—and the Employees' Health Act. That is a very small one. In addition, there were transferred to the Federal Security Agency under Reorganization Plan No. 2 the Bureau of Employees' Compensation, an independent office, the Bureau of Vital Statistics, and most of the functions of the Children's Bureau.

Senator DWORSHAK. Those three services do not involve a lot of personnel, do they?

Mr. STEPHENS. Not a great number, but the hospital construction activity is going to involve at least 150 to get out and get it planned. There is planning money there of 3½ million. The next phase of it is the construction and the actual approval of the plans and the construction. Mr. Miller and Mr. Collins have had some serious conferences about limiting the size of the administrative staff in that group.

Another item Mr. Miller just mentioned. That is the certification services in the Food and Drug Administration. There is a very substantial number of people in Food and Drug, all of which are paid for by fees. Money comes into the Treasury in the general fund. It is not a big item, but it is one of the contributing factors in the greater number of people.

Mr. W. B. MILLER. An additional responsibility would be the approval of the reconversion benefits from maritime workers.

Mr. STEPHENS. That is right; yes, sir; in the Social Security Administration.

WAR-TIME SERVICES REDUCED OR ELIMINATED

Senator DWORSHAK. Have you not had any wartime services materially reduced or totally eliminated?

Mr. STEPHENS. This year the nurses' training is the biggest one.

Senator DWORSHAK. Any other services, wartime services?

Mr. W. B. MILLER. Most of that was reflected in last year's estimates, Senator.

Mr. STEPHENS. We have had a pretty big program in war food in Education. That is entirely out this year. We had some money for that last year.

INCREASE IN PERSONNEL FOR 1947 OVER 1946

Senator DWORSHAK. There could not have been too great a reduction from 1946 to 1947. You had an increase of about 4,000 more

personnel. You could not have eliminated many people while you were increasing your personnel to that extent?

Mr. STEPHENS. A minute ago, we were talking about 1946 and 1948.

Senator DWORSHAK. Now we are talking about 1946 and 1947. You said most of these reductions were made during fiscal 1947.

Mr. STEPHENS. That is right. There are about 4,000 there. That is when the transition of the 48-hour week to the 40-hour week took place. The difference between 1947 and 1948 is less than 2,000.

Senator DWORSHAK. But between 1946 and 1947 there was a jump of 4,000 instead of a reduction.

Mr. STEPHENS. That is when the 48-hour- to the 40-hour-week transition came about.

Senator DWORSHAK. That was largely responsible for the increase of 4,000 more personnel.

Mr. STEPHENS. Yes, sir. Reading on across the table, you have 1947 and 1948 and you have an increase of about 18 or 19 hundred. In the hospitals, Freedmen's, St. Elizabeths, and the marine hospitals, there has been a strenuous effort on the part of the people to get adequate staffs, and no hospital in the Federal Security rendered anything like adequate service all during the war.

The Civil Service Commission has given some partial studies to the claims of the people in hospitals. We have given a lot of study to the number of people required in hospitals.

Senator DWORSHAK. You are reimbursed to a large extent by the service you render through St. Elizabeths Hospital and in other ways by the people who are beneficiaries.

Mr. STEPHENS. Yes, sir. The number of people which show in here is the total. In other words, if we get 80 percent reimbursement, we do not show 20 percent of the people. We show the total in the table. But the money involved would indicate we are spending about 8,000,000 a year and asking the committee this year for 11½ million.

Senator KNOWLAND. Are there any further questions?

DEPARTMENT OF LABOR

OFFICE OF THE SOLICITOR

WAGE DECISIONS

(See p. 9)

Senator KNOWLAND. In connection with the testimony of the Solicitor of the Labor Department, I will submit for the record at this point a letter of April 9, with enclosure, which I have received from the Solicitor.

(The letter and enclosure referred to follow:)

DEPARTMENT OF LABOR,
OFFICE OF THE SOLICITOR,
Washington 25, April 9, 1947.

HON. WILLIAM F. KNOWLAND,
*Chairman, Subcommittee, Labor-Federal Security Appropriation Bill,
United States Senate, Washington, D. C.*

DEAR SENATOR KNOWLAND: It is my recollection that at the subcommittee hearing on the appropriation for the Solicitor's Office you requested of me information concerning the number of Davis-Bacon wage decisions that had been issued during the past 9 months of this fiscal year for the area serviced by the San Francisco

regional office of the Solicitor (California, Nevada, Utah, Idaho, Arizona, Washington, Oregon, Alaska, and Hawaii). A review of the transcript of the hearing, however, does not disclose this request.

In order that you may have this information I am attaching a list we have prepared showing the number of wage decisions issued during the past 9 months by States. From this data it appears that the number issued so far this fiscal year for the area serviced by the San Francisco office is 1,138.

Perhaps I should also point out that each of the wage decisions involves the determination of the prevailing wage rate for from 8 to 150 classifications, dependent upon the needs of the particular project under construction.

I would like to take this opportunity to thank you and the subcommittee for the very considerate hearing accorded the Solicitor's office.

Yours very truly,

WILLIAM S. TYSON,
Solicitor of Labor.

Number of determinations per State from July 1, 1946, to Mar. 31, 1947

Alabama-----	109	Nebraska-----	62
Alaska-----	24	Nevada-----	20
Arizona-----	90	New Hampshire-----	21
Arkansas-----	102	New Jersey-----	158
California-----	476	New Mexico-----	58
Colorado-----	121	New York-----	263
Connecticut-----	54	North Carolina-----	99
Delaware-----	23	North Dakota-----	32
District of Columbia-----	207	Ohio-----	249
Florida-----	117	Oklahoma-----	130
Georgia-----	134	Oregon-----	138
Hawaii-----	15	Puerto Rico-----	3
Idaho-----	72	Pennsylvania-----	228
Illinois-----	242	Rhode Island-----	57
Indiana-----	92	South Carolina-----	46
Iowa-----	104	South Dakota-----	45
Kansas-----	98	Tennessee-----	106
Kentucky-----	80	Texas-----	399
Louisiana-----	124	Utah-----	57
Maine-----	35	Vermont-----	13
Maryland-----	144	Virginia-----	236
Massachusetts-----	112	Washington-----	246
Michigan-----	149	West Virginia-----	70
Minnesota-----	81	Wisconsin-----	93
Mississippi-----	67	Wyoming-----	64
Missouri-----	164		
Montana-----	96	Total-----	6,025

UNITED STATES EMPLOYMENT SERVICE

(Pursuant to request of the subcommittee, the United States Employment Service filed the following information for the record:)

Employment—State and local offices, USES

Region and State	Jan. 1, 1942	June 30, 1945	June 30, 1946	Oct. 31, 1946
Region I:				
Connecticut.....	369	339	357	343
Maine.....	131	149	147	145
Massachusetts.....	858	839	1,294	1,315
New Hampshire.....	120	111	124	124
Rhode Island.....	206	225	220	224
Vermont.....	64	66	117	116
Region II: New York.....	2,079	2,137	2,420	2,336
Region III:				
Delaware.....	46	47	63	64
New Jersey.....	789	790	1,227	1,120
Pennsylvania.....	1,678	1,671	2,625	2,512
Region IV:				
District of Columbia.....		159	188	184
Maryland.....	247	426	383	371
North Carolina.....	387	470	469	461
Virginia.....	254	412	391	393
West Virginia.....	205	205	219	205
Region V:				
Kentucky.....	238	345	351	356
Michigan.....	1,162	1,135	1,273	1,262
Ohio.....	1,194	1,307	1,382	1,327
Region VI:				
Illinois.....	1,693	1,213	1,333	1,220
Indiana.....	670	598	605	561
Wisconsin.....	332	365	443	428
Region VII:				
Alabama.....	298	436	421	411
Florida.....	240	376	472	369
Georgia.....	311	384	398	359
Mississippi.....	216	276	384	412
South Carolina.....	194	254	328	368
Tennessee.....	329	442	622	590
Region VIII:				
Iowa.....	250	405	506	476
Minnesota.....	391	520	667	629
Nebraska.....	161	224	280	263
North Dakota.....	85	92	110	108
South Dakota.....	65	99	100	97
Region IX:				
Arkansas.....	335	222	230	225
Kansas.....	239	236	244	241
Missouri.....	831	626	683	676
Oklahoma.....	306	294	293	279
Region X:				
Louisiana.....	317	242	292	294
New Mexico.....	63	69	99	117
Texas.....	902	913	948	959
Region XI:				
Colorado.....	180	200	274	288
Idaho.....	85	90	127	115
Montana.....	86	74	84	72
Utah.....	124	141	189	175
Wyoming.....	50	50	76	79
Region XII:				
Arizona.....	77	139	149	154
California.....	1,457	1,944	2,063	2,032
Nevada.....	37	53	54	55
Oregon.....	303	308	364	339
Washington.....	472	436	468	437
Territories:				
Alaska.....	23	20	27	26
Hawaii.....	19	48	43	44
Puerto Rico.....		12	31	31
Grand total.....	21,168	22,634	26,657	25,787

NOTE.—State and local office employment figures not reported by States under State operation.

APRIL 11, 1947.

Salary ranges for typical positions in employment service

	Jan. 1, 1942	Nov. 15, 1946	Apr. 1, 1947
California:			
Field supervisor.....	\$3, 120- \$3, 840	\$4, 620- ¹ \$5, 580	\$4, 620- ¹ \$5, 580
Manager local employment office I.....	2, 580- 3, 300	3, 720- ² 4, 440	3, 720- ² 4, 440
Junior interviewer.....	1, 560- 2, 040	2, 400- ¹ 2, 880	2, 440- ³ 2, 880
Junior typist-clerk.....	960- 1, 260	1, 680- 2, 040	1, 680- 2, 040
Georgia:			
Field supervisor.....	2, 820- 3, 480	3, 960- 4, 920	3, 960- 4, 920
Manager IV.....	1, 800- 2, 160	2, 400- 2, 880	2, 400- 2, 880
Junior interviewer.....	1, 560- 1, 740	2, 100- ⁴ 2, 280	2, 100- 2, 280
Typist.....	1, 080- 1, 260	1, 380- 1, 560	1, 380- 1, 560
Idaho:			
Field supervisor.....	2, 160- 2, 640	3, 300- 4, 020	3, 300- 4, 260
Manager, local office.....	1, 860- 2, 220	2, 640- ⁵ 3, 120	2, 640- 3, 120
Junior interviewer.....	1, 500- 1, 740	2, 100- ⁶ 2, 580	2, 100- ⁶ 2, 580
Clerk-typist.....	1, 140- 1, 380	1, 620- 1, 860	1, 560- 1, 920
Minnesota:			
Employment Service area supervisor.....	3, 300- 3, 900	4, 332- ⁷ 5, 052	4, 332- ⁷ 5, 052
Employment Service manager.....	2, 700- 3, 300	2, 880- ⁸ 3, 480	2, 880- ⁸ 3, 480
Interviewer I.....	1, 440- 1, 800	1, 848- 2, 208	1, 848- 2, 208
Clerk-typist.....	960- 1, 200	1, 320- 1, 620	1, 320- 1, 620
Nebraska:			
Field supervisor.....	2, 400- 2, 880	3, 900- 4, 500	3, 300- 4, 080
Manager II.....	1, 920- 2, 400	2, 520- ⁹ 3, 120	2, 400- ⁹ 3, 000
Interviewer.....	1, 440- 1, 800	1, 560- ¹⁰ 1, 860	1, 560- ¹⁰ 1, 860
Typist-clerk.....	840- 1, 080	1, 080- 1, 440	1, 080- 1, 440
Nevada:			
Field supervisor.....	2, 700- ¹¹ 3, 300	3, 780- 4, 680	3, 780- 4, 680
Manager II.....	2, 100- ¹¹ 2, 520	2, 820- 3, 600	2, 820- 3, 600
Interviewer.....	1, 680- ¹¹ 2, 040	2, 220- ¹² 2, 940	2, 220- ¹² 2, 940
Clerk-stenographer.....	1, 500- 1, 800	2, 040- 2, 640	2, 040- 2, 640
North Dakota:			
Field supervisor.....	2, 700- 3, 300	3, 900- 4, 800	3, 900- 4, 800
Manager II.....	1, 800- 2, 220	3, 000- ¹³ 3, 600	3, 000- ¹³ 3, 600
Interviewer I.....	1, 560- 1, 920	1, 800- 2, 100	1, 800- 2, 100
Typist-clerk.....	1, 020- 1, 260	1, 260- 1, 560	1, 388- 1, 860
Oklahoma:			
Field supervisor.....	2, 640- ¹¹ 3, 180	3, 420- 4, 140	3, 180- 3, 960
Employment manager II.....	2, 160- ¹¹ 2, 640	2, 640- 3, 180	2, 640- 3, 180
Interviewer.....	1, 620- ¹¹ 1, 920	2, 040- 2, 520	2, 040- 2, 520
Typist.....	1, 200- ¹¹ 1, 440	1, 500- 1, 740	1, 500- 1, 740
South Dakota:			
Field supervisor.....	1, 920- 2, 400	3, 600- 4, 200	3, 000- 3, 840
Manager I.....	1, 620- 1, 920	2, 520- 3, 120	2, 520- 3, 120
Interviewer.....	1, 320- 1, 680	1, 680- ¹⁴ 1, 980	1, 680- ¹⁴ 1, 980
Typist-clerk.....	960- 1, 200	1, 200- 1, 500	1, 260- 1, 560
Tennessee:			
Field supervisor.....	2, 964- 3, 420	4, 440- ¹⁵ 5, 340	3, 480- ¹⁶ 4, 200
Employment manager II.....	2, 100- 2, 364	2, 280- ¹⁷ 2, 760	2, 400- ¹⁸ 2, 940
Employment interviewer.....	1, 572- 1, 800	2, 040- ¹⁹ 2, 400	2, 040- ²⁰ 2, 400
Junior typist.....	996- 1, 140	1, 200- 1, 440	1, 200- 1, 440

¹ Title changed to employment service supervisor III.² Title changed to employment service supervisor I.³ Title changed to interviewer I.⁴ Title changed to employment interviewer.⁵ Title changed to manager II.⁶ Title changed to interviewer II.⁷ Title changed to field supervisor.⁸ Title changed to manager I.⁹ Title changed to manager I.¹⁰ Title changed to interviewer I.¹¹ Effective July 1, 1942.¹² Title changed to junior interviewer.¹³ Title changed to manager I.¹⁴ Title changed to interviewer I.¹⁵ Title—Employment Service field supervisor I.¹⁶ Title—Employment Security district manager I.¹⁷ Title—Employment Service manager IV.¹⁸ Title—Employment Security manager III.¹⁹ Title—Interviewer II.²⁰ Title—Interviewer.

DEPARTMENT OF LABOR
UNITED STATES EMPLOYMENT SERVICE

Washington 25, D. C.

OCTOBER 4, 1946.

Field Instruction No. 959, Rev.
Personnel Standards No. 101, Rev.

Transfer Manual No. I-7 Rev.

To: All Regional Directors.

Subject: Personnel Transfer Program.

Attached is the Program and Procedures for the Transfer of USES Personnel to the State-wide System of Public Employment Offices. This is a revision of the document which was originally forwarded to you on September 10. An advance copy is being sent you by air mail and additional copies are being forwarded under separate cover to take care of the regular distribution and to provide eight copies for each State.

This statement provides the framework within which each State agency is to develop its programs to carry out the transfer of personnel. It is believed that the variations in State laws and the variety of merit systems that have been in effect during the past 5 years can be given proper recognition within these policies and procedures.

Please transmit copies of the attached program of policy and procedures to each of the State agencies in your region with reference to your previous request that the State's program for the transfer of personnel be forwarded to your office not later than October 15. The State agencies should be requested to furnish copies to any other State agencies which have a responsibility for personnel administration. It is expected that you will provide the State agencies with assistance in the preparation of the transfer program and that you will be able to forward the original and two copies of the State's proposal to Washington within 10 days after you receive it.

We will advise you as soon as possible of the approval of each State's proposal or of the points needing revision or clarification before such approval can be given in order that you may notify the State agency of the action taken.

Please destroy your existing copies of the original Field Instruction No. 959 and its Supplement No. 1.

Initiated by:

HIRAM S. PHILLIPS,
Chief, Personnel Standards.
ROBERT C. GOODWIN,
Director.

Attachments
Distribution B and E.

OCTOBER 4, 1946.

PERSONNEL TRANSFER PROGRAM

PROGRAM AND PROCEDURES FOR THE TRANSFER OF USES PERSONNEL TO THE STATE-WIDE
SYSTEM OF PUBLIC EMPLOYMENT OFFICES

Part I—Transfer program

In the legislation providing for the return of the State and local public employment offices to State operation on November 16, 1946, Congress has provided for the transfer to and retention in the State service of all persons employed in the offices on the effective date of the act and authorized their separation or release from the State service only for specified reasons. In carrying out its responsibilities under this legislation, it will be the objective of the United States Employment Service to return the employment service as a going concern without interruption or impairment of operations. It is felt that this objective can be accomplished and that the terms and conditions of the legislation will be met through action on the part of the State agency to provide substantially the following:

1. Provision under the State classification and compensation plan for all positions occupied by USES employees on July 26, 1946.

2. Appointment on November 16, 1946, in the State-wide system of public employment offices, of all employees covered by the personnel transfer provi-

sions of the legislation, to the positions held in the Federal service on July 26, 1946, or to reasonably comparable positions.

Covered employees include (1) individuals in pay status of the USES on July 26, 1946, (2) individuals who were in nonpay status on that date because they had been granted leave without pay or furloughed for a limited period, (3) individuals who on July 26, 1946, were Federal USES employees who left employment service positions in the State in order to serve in the armed forces or the merchant marine.

A position may be considered as "reasonably comparable" if it is in the same or a closely related occupational field, has approximately the same responsibilities and salary range, and requires the same or similar training, experience, skills, knowledges, and abilities in the minimum qualification statement contained in the class specification.

3. Retention of covered employees, pending permanent appointment, unless separated or terminated—

(a) For cause, as determined in individual cases under the applicable State merit system; or

(b) In accordance with the provisions of the applicable State merit system, by reason of reduction in force found necessary in the interests of efficient operations; or

(c) For failure to acquire eligibility under the State merit system to be certified for appointment, superior to that of any war veteran competing in the same examination for the same appointment, in the State-wide system of public employment offices in the positions occupied by them in the Federal service on July 26, 1946, or in a reasonably comparable position, after having been given an opportunity to acquire such eligibility in accordance with items 4 through 7; or

(d) If the Secretary has determined that it is impossible for them to be given an opportunity to acquire such eligibility because of State constitutional or statutory provisions in force on July 26, 1946.

Any separation or termination for good cause of a covered employee is to be effected in accordance with the same procedures with respect to written notice of charges and opportunity for appeal as are prescribed under the merit system rules applicable to permanent employees of the State agency.

Similarly, in the case of a separation or termination by reason of a reduction in force found necessary in the interests of efficient administration, covered employees are to be considered as permanent employees in determining the order of separation under the merit system rules.

4. Permanent appointment of covered employees based on—

(a) A finding by merit system agency that the covered employee has already acquired eligibility. This finding might result from—

(1) State merit status attained prior to Federal appointment;

(2) Promotion during Federal employment under standards substantially comparable to those operative under State merit system regulations of a covered employee who has already acquired eligibility;

(3) Federal appointment through selection from an appropriate State register;

(4) A rating attained by the employee on an appropriate State register; or

(5) Status acquired in a comparable State merit system jurisdiction.

(b) Passing a promotional examination to which a covered employee with merit system status in a lower class is to be admitted by reason of his promotion under Federal civil-service requirements.

(c) Selection of covered employees from among the highest available eligibles on a register established from an open competitive examination or, in the case of a covered employee who has already acquired eligibility in a lower class, a competitive promotional examination under the merit system rules and regulations.

(1) Covered employees are to be considered by reason of their appointment under Federal civil-service requirements and on-the-job experience as meeting any minimum qualification requirements established under the State merit system for admission to examinations for the positions held by them in the Federal service on July 26, 1946, or for reasonably comparable positions.

(2) Certifications are to be made under the merit system rules and regulations in such a manner as to provide maximum opportunity to the covered employee to acquire eligibility for appointment to the position held on July 26, 1946, or a reasonably comparable position.

(3) Any covered employee whose name appears on a certificate of eligibles is to be selected for appointment unless one of the other eligibles certified for the same position is a veteran with a higher rating and unless such veteran is appointed to the position.

(d) Such other criteria as may be proposed by a State agency and approved by the Secretary.

In determining the conditions for eligibility, covered employees are to receive like treatment under like circumstances and to be assured consistent and objective consideration.

5. Prompt notice to each covered employee of the conditions under which he will be accorded a reasonable opportunity to acquire eligibility for a permanent appointment to the position held on July 26, 1946, or to a reasonably comparable position.

6. Application during the probationary period of the standards for separation defined under item 3, in the event a probationary period is to be required of a covered employee prior to acquiring permanent appointment.

7. Extension to individuals who on July 26, 1946, were Federal USES employees who left employment service positions in the State in order to serve in the armed forces or the merchant marine, upon their application to the State agency, of the same rights and privileges as are accorded other covered employees.

Part II—Procedures for implementing program

1. The State agency designated under section 4 of the Wagner-Peyser Act will be furnished a certified list of the employees covered by the transfer provision and of the positions occupied by them on July 26, 1946, together with information concerning subsequent personnel actions affecting such employees during Federal employment.

2. As a basis for finding that the transfer provisions of the law will be carried out, each State agency designated under section 4 of the Wagner-Peyser Act is to submit to the Director of the USES four copies of the following materials which shall be identified as the personnel transfer program:

(a) A detailed statement of the program covering the transfer of personnel in accordance with provisions of the Federal legislation as outlined in part I above, as well as any additional steps planned or taken to facilitate the transfer of the employment service as a going concern. That statement will describe the administrative actions that have been or will be taken and will include the State statutes, rules, and regulations, and classification and compensation plans under which the transfer and retention of the designated employees will be effected to accomplish this program. If any of this material has already been submitted, or is being submitted simultaneously, with other documents, a cross reference to the pertinent items will suffice.

(b) A certification by the State attorney general, or if the State attorney general is not authorized to make such a certification, by the State official or officials who are so authorized, that the designated State agencies have the authority to take the actions described in the State program.

(c) A schedule indicating the dates on which the State agencies plan to initiate and complete the described actions.

(d) In the event the detail of any covered employees is requested, the request shall include an explanation of why the detail is necessary to accord such employees a reasonable opportunity to acquire eligibility for permanent appointment to the positions held on July 26, 1946, or to reasonably comparable positions, and a schedule indicating the dates by which the steps involved in according such reasonable opportunity will be completed.

3. Each State agency will be advised of the Secretary's finding in respect to the State's proposed program for the transfer and retention of USES personnel as soon as there has been an opportunity for review and analysis of the material submitted.

4. In order to keep the Director of the United States Employment Service currently informed on matters concerning the transfer of personnel, each State agency shall furnish immediately upon issuance—

(a) Copies of any revisions to the laws, rules, regulations, classification, and compensation plans, or administrative procedures submitted under item 2.

(b) Copies of all procedures, instructions, and any other material of general application issued in connection with the execution of or implementation of the State's personnel transfer program.

5. Each State agency shall keep on file, and available for inspection by representatives of the USES, copies of all examinations held for covered employees together with pertinent procedures for administration and scoring, registers established as the result of such examinations, and certificates of eligibles made therefrom and any other action of individual application taken in connection with the execution or implementation of the State's personnel transfer program and shall submit such reports in connection with the transfer program as the Director of the USES may from time to time require.

6. If any Federal employees are on detail to the State agency, the State shall maintain such records and submit such reports covering these employees as may be necessary under Federal regulations.

Part III—Legislation

Public Law No. 549, Seventy-ninth Congress, Department of Labor Appropriation Act, 1947, provides that "the Secretary of Labor may withhold or deny grants to States to finance the cost of State public employment office systems unless he finds that the State—

"(1) (a) has made provision for the transfer to and retention in the State-wide system of public employment offices of employees of the Federal Government who (on the effective date of this Act) were employed in State or local employment service functions in such State, in the positions occupied by them under the Federal service or in reasonably comparable positions, except that individuals so transferred may be separated or terminated for good cause as determined in individual cases under the applicable State merit system, or separated or terminated under the applicable State merit system by reason of reductions in force found necessary in the interests of efficient operations, and may be separated (A) if they have failed to acquire eligibility to be certified for appointment superior to that of any war veteran competing for the same appointment in the State-wide system of public employment offices under the State merit system in the positions occupied by them under the Federal service or in reasonably comparable positions, after having been given a reasonable opportunity to acquire such eligibility, or (B) if the Secretary has determined that it is impossible for them to be given an opportunity to acquire such eligibility because of State constitutional or statutory provisions in force on the effective date of this Act; and (b) has made provision for the extension to employees of the Federal Government who left employment-service positions in such State in order to perform training and service in the land or naval forces of the United States or service in the merchant marine as defined in Public Law No. 87, Seventy-eighth Congress, of the same employment rights and privileges as those provided for Federal employees transferring to State employment in accordance with the provisions of this paragraph; or

"(2) has requested the detail of such employees to the State agency under the following provisions: So much of the funds appropriated for State-wide systems of public employment offices as may be necessary shall be available to the Secretary of Labor, in lieu of any portion of the grant to the State, for the payment of compensation (under the salary scales applicable to such employees prior to the effective date of this Act) to employees of the United States Employment Service in the Department of Labor, who, upon the request of the State, and for the purpose of permitting continuity in their employment pending an opportunity to acquire eligibility for State employment in accordance with clause (1) (a) of this paragraph, may be detailed by the Secretary of Labor to the State agency for service in the State-wide system of public employment offices."

Senator KNOWLAND. We will recess until tomorrow morning at 10 o'clock.

(Whereupon, at 4:30 p. m., Thursday, April 10, 1947, an adjournment was taken until Friday, April 11, 1947, at 10 a. m.)

LABOR-FEDERAL SECURITY APPROPRIATION BILL, 1948

FRIDAY, APRIL 11, 1947

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D. C.

The subcommittee met at 10 a. m., pursuant to adjournment, in the Senate Appropriations committee room, the Capitol, Senator William F. Knowland presiding.

Present: Senators Knowland, Young, McKellar, McCarran, and Thomas.

Present also: Senator Myers.

Senator KNOWLAND. The hour of 10 o'clock having arrived, the committee will come to order.

At this time we will hear from Assistant Secretary Morse.

DEPARTMENT OF LABOR

FIELD OF INTERNATIONAL LABOR AFFAIRS

STATEMENT OF DAVID A. MORSE, ASSISTANT SECRETARY, DEPARTMENT OF LABOR

(See p. 890)

Senator KNOWLAND. You may proceed, sir.

Mr. MORSE. Mr. Chairman, I am testifying this morning concerning that part of the Secretary's budget for the Secretary's Office which is concerned with the Department's work in the field of international labor affairs.

DIGEST OF STATEMENT

I would like to offer for the record the digest of my statement.

Senator KNOWLAND. It will be made a part of the record.

(The digest is as follows:)

DIGEST OF ASSISTANT SECRETARY MORSE'S TESTIMONY

If the Department of Labor is to carry out its responsibilities for promoting the prosperity and welfare of the United States worker, its international activities must accurately reflect the increased international interests of American labor, particularly in the economic and social fields. This essential function of the Department has been recognized by the President, the Congress, and the Secretary of State.

United Nations Economic and Social Council

Labor, including American labor, is playing an increasingly important role in the United Nations. Labor organizations constitute three out of the seven nongovernmental organizations that have the closest relationship with the United Nations Economic and Social Council, even having the right to place items on its

agenda. These include the AFL and the World Federation of Trade Unions, with which the CIO is affiliated. The International Labor Organization is also permitted to participate in the discussions of the Council and its nine Commissions, because of the close tie between the work of the ILO and international economic and social affairs.

This has meant that the Labor Department has had to furnish a labor adviser to the representative on the Council, which meets three times a year for a period of 3 or 4 weeks, as well as to the representatives on certain of the nine commissions which meet once or twice a year.

The Interdepartmental Committee on International Social Policy (ISP) and the Executive Committee on Economic Foreign Policy (ECEFP)

This has also meant that the Labor Department has had to participate in the work of the two major interdepartmental committees which recommend what policies and positions should be followed by these representatives. These committees are the ISP, of which I am operating vice chairman, by designation of the Secretary of State, and the ECEFP. Both committees have subcommittees on particular aspects of the economic and social field. A great deal of study, analysis, and preparation of documents is required in connection with the work of all these committees. Much work must also be done by these committees in connection with United States participation in the specialized agencies which have been brought into relationship with the United Nations.

The International Labor Organization (ILO)

The Labor Department has a major responsibility for participation of our Government in the work of the ILO. The President has named the Assistant Secretary as the United States representative on the governing body, and as chief of United States delegations to annual ILO conferences.

It is our responsibility to select delegations to ILO conferences and to the seven industrial committees which meet annually. These delegations are tripartite, and we must select the worker and employer delegates in consultation with labor and trade organizations. We must also supply these delegates and advisers with relevant material, formulate and coordinate the United States positions on questions coming before the conference, and coordinate these activities with other Government agencies under the over-all direction of the State Department. Many replies to questionnaires, instructions to delegations, reports on actions of the meetings, advice concerning the United States position on conventions and recommendations adopted at the conferences, and other detailed staff work must be performed under my direction. This work is performed, insofar as possible, in the Bureaus and Divisions, and coordinated, reviewed, and cleared as to policy in my immediate office.

The International Trade Organization (ITO)

The ITO is a proposed specialized agency of UN in which the Labor Department has a direct interest because of the effect which the ITO's policies will have on American labor. The Labor Department is participating fully in the drafting and negotiation of the ITO charter. This charter will set forth general principles for the conduct of trade with a minimum of restrictions and Government controls and will seek to safeguard labor and other groups against shifts in trade which may produce inadequate markets and a consequent growth of unemployment.

Committee on Trade Agreements

By executive order the Labor Department has recently been made a member of the Interdepartmental Committee on Trade Agreements, which is the agency through which the President must seek information and advice before concluding a trade agreement. It will be the special responsibility of the Labor Department to see that this information and advice adequately safeguards the employment needs and living standards of American workers.

Occupied areas Affairs—Liaison With War and State Departments

The State and War Departments, recognizing the importance of trade unions as vehicles of democracy in the occupied areas, have called upon the Labor Department to render technical and advisory assistance. We serve on the State Department's Advisory Committee on Occupied Areas Affairs, which deals with the broad economic and social questions which arise as a result of our occupation. The weekly meetings of this Committee require detailed attention if the Labor Department is to render effective and accurate advice.

The War Department, with the operating responsibility for the occupied areas, has requested the Labor Department to render technical assistance in the administration of labor matters, and in the selection and training of labor personnel in the occupied countries. This arrangement has been formulized by written agreement between the Departments, and necessitates the location of a full time Labor Department liaison office at the War Department.

By agreement with the Secretary of State, a labor liaison officer has been stationed at State, an arrangement which facilitates the appropriate distribution of material to Labor and dispatch of requests for information abroad.

Board of the Foreign Service

Recognizing the increasing importance of foreign labor developments, the Congress, in the Foreign Service Act of 1946, provided for the statutory membership of the Department of Labor on the Board of the Foreign Service. This board, together with its sub-boards—the staff board, the appointments and assignments board, and the board of examiners—has the responsibility for making recommendations to the Secretary of State concerning the functions of the Service, the policies and procedures to govern the selection and promotion of Foreign Service officers and administration of the Service. This responsibility involves much work, but is highly important to the Labor Department, particularly in connection with the Labor attaché program.

Interdepartmental Committee on Scientific and Cultural Cooperation (SCC)

Since 1938 the SCC has been carrying out a program of cooperation with the Latin American republics, as approved by act of Congress. Labor is represented on this Committee through a representative of my office who supervises the operating phases of the program—exchange of technical consultants, exchange of trainees and the exchange of information—which are carried out by appropriate bureaus and divisions of the Department.

Trade Union Advisory Committee on International Affairs

The Department feels that if it is accurately to reflect the interests and needs of American labor in foreign policy matters, it must be constantly apprised of these interests and needs. With this in mind, we have set up a Trade Union Advisory Committee on International Affairs, which is composed of top officials of the AFL, the CIO and the railway unions and which meets with the Assistant Secretary each month.

Mr. MORSE. I will go through my statement and perhaps that would be the most disciplined way of proceeding and if there are any questions, of course, I will attempt to answer them.

I would like to point out that a profound change has come over the American people in the past several years. They are beginning to recognize that what goes on in other countries has a very direct relationship to their own lives. If this is true with respect to the American people generally, it is certainly true of labor.

INTERNATIONAL INTERESTS OF AMERICAN LABOR

If, therefore, the Department of Labor is to carry out its responsibilities to promote the prosperity and welfare of the laboring men and women of the United States, its international activities must accurately reflect the increased international interests of American labor. For this reason, the Secretary, on November 20, 1946, by General Order No. 22, placed under my direction the coordination of the international activities of the Department.

TEXT OF GENERAL ORDER NO. 22

I would like to place this "General Order 22" of the Secretary on the record and discuss in detail our work which the Secretary has described in broad outline.

Senator KNOWLAND. That may go into the record.
(The order is as follows:)

DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

GENERAL ORDER No. 22

ESTABLISHING POLICIES AND PROCEDURES FOR HANDLING INTERNATIONAL ACTIVITIES

I. GENERAL STATEMENT

The Department's international activities have become so varied and complex as to require continuous, specialized direction. This direction will be exercised by Assistant Secretary Morse within the scope of policies and instructions issued by the Secretary. It is the responsibility of the Assistant Secretary to speak for the Department on international matters and to supervise and coordinate the international work of all Bureaus.

In handling major questions in formulating departmental policy, the Assistant Secretary will consult with Bureau heads. Final determination of departmental policy rests with the Secretary. The Assistant Secretary will look to the Bureaus for the carrying out of specific projects of the Department in the international field. To ensure a coordinated use of Bureau resources, the Assistant Secretary, in cooperation with the Bureau Chiefs will: (a) arrange for the assignment of Bureau personnel to serve as Department representatives on appropriate interagency committees and at international conferences; (b) establish working committees and make assignments as necessary to aid the Assistant Secretary or designated representatives in the performance of their duties; and (c) establish minimum administrative controls and central clearances for orderly handling of the international activities of the Department.

II. MAJOR FIELDS OF WORK

The immediate international program of the Department stems principally from participation in the following activities:

Formulation of policy, representation in delegations, and continuing technical work in connection with United States participation in the International Labour Organisation.

Representation and formulation of policy in United States Delegations for meetings of the Economic and Social Council and relevant Commissions and Sub-Commissions, such as the Economic and Employment Commission, the Social Commission, the Statistical Commission, the Human Rights Commission, and the Sub-Commission on Devastated Areas.

Representation and formulation of policy on the Interagency Committee on meetings of other specialized international agencies whose activities affect employment and social policy, such as the proposed International Trade Organization and the Food and Agriculture Organization.

Planning and administrative responsibilities connected with the United States International Social Policy Committee, to be established with State Department chairmanship and Assistant Secretary Morse as operating vice chairman, for the purpose of developing basic principles and policies in the international labor, health, welfare, education, and information fields.

Statutory membership of the Assistant Secretary on the Board of the Foreign Service with special reference to the Labor Attaché program.

Representation and formulation of policy in the inter-departmental Executive Committee on Economic Foreign Policy and its sub-committees.

Representation and formulation of policy on the Interagency Committee on the Food and Agriculture Organization.

Representation and formulation of policy in the inter-departmental Advisory Committee on Occupied Areas Affairs.

Implementation of the Labor Department's agreement with the War Department on labor policies, personnel, and administration in occupied countries.

Representation and administrative responsibilities attaching to membership on the Interagency Committee on Scientific and Cultural Cooperation through which funds are allocated to departments for exchange of persons and information with South American Republics.

A continuing program of research and analysis of labor legislation, labor conditions, and comparative living costs in foreign countries as an assistance to our foreign representatives, and a service to the Congress, Federal agencies, trade unions, business organizations, and the public at large.

Administrative responsibilities incident to accommodating foreign visitors and handling international information requests.

III. OPERATING PROCEDURES

It is necessary to establish minimum operating procedures to assure effectiveness and continuity in the handling of international work.

Accordingly, the following functions are to be handled through the Assistant Secretary's Office:

Correspondence and Mail

For a sixty-day period, beginning December 1, all identifiable incoming international correspondence and other mail, *excluding* publications and research reports and other items as agreed upon between the Assistant Secretary's Office and individual Bureaus, will be received by the Assistant Secretary's Office and, as appropriate, will be handled by that office or routed to the appropriate Bureau for attention.

Thereafter, the Assistant Secretary in consultation with Bureau chiefs will arrange for continuing central routing of incoming policy material and other appropriate material to the extent necessary.

For a sixty-day trial period beginning December 1, all outgoing correspondence of an international character, including responses to information requests, will clear through the Assistant Secretary's Office. As this correspondence is reviewed, agreement will be reached between the Assistant Secretary's Office and individual Bureaus as to types of correspondence which need not be cleared and types of correspondence for which post-clearance with the Assistant Secretary's Office is desirable.

Committee Representation

The Assistant Secretary's Office will arrange advance inter-Bureau consultation (through a working committee or other appropriate means) for the guidance of the designated representative; supply necessary advance information to the representative and other appropriate staff; and see that necessary follow-up action, including action within the Department, is taken.

All assignments to interagency committees and other meetings will be made through the Assistant Secretary's Office upon the basis of recommendations made by the Bureau Chief.

In the interest of orderly assignment, Bureaus are requested to inform the Assistant Secretary's Office of any direct invitations to attend meetings.

The designated representative will supply the Assistant Secretary's Office with a brief written report summarizing the meeting attended and stating particularly the views he expressed, the final action taken, and follow-up required.

The Assistant Secretary's Office will be responsible for maintaining a list of all meetings and conferences at which the Department is represented and for distributing this list to the Bureaus periodically, perhaps as part of an intra-departmental report on activities and principal events.

In the very near future, the necessary administrative steps will be taken to organize working committees for inter-Bureau consultation and to complete departmental representation on interagency committees of which the Department is a member.

To assist the Assistant Secretary's Office in expediting the international work of the Department, Bureaus are asked to take the following action:

Bureau Liaison

Designate one person who can act as liaison and central contact point for the Bureau as a whole, with specific responsibility for such day-to-day administrative matters as correspondence control, control on allocation of departmental assignments, collection and assembly of informational materials on request, and scheduling of appointments within the Bureau for foreign visitors.

Bureau Reports

Notify the Assistant Secretary's Office by telephone or memorandum of any conferences, requests, or developments which might have a significant bearing on Department policy, relationships, or activities in the international field.

Prepare a brief summary of the Bureau's international work for inclusion in the Assistant Secretary's monthly report to the Secretary. Bureaus which now prepare such reports as a section in their monthly reports may omit that section and make reference to the fact that the activities are shown in the Assistant Secretary's report.

Prepare such estimates and analyses of the impact of international activities on Bureau work load as may be periodically requested.

From time to time, Bureaus will be asked individually, as necessary, to prepare informational materials and training outlines for use in servicing foreign missions of the United States, the exchange of trainees, and foreign visitors.

L. B. SCHWELLENBACH.

WASHINGTON, D. C., *November 20, 1946.*

PARTICIPATION IN UNITED NATIONS

Mr. MORSE. There can be no question but that the American people are almost unanimous in their approval of our participation in the United Nations.

One of the basic concepts of the United Nations Charter is that peaceful and friendly relations among nations can be maintained only if the economic and social well-being of the peoples of the world is promoted and achieved to the greatest extent possible.

Accordingly, the United Nations have bound themselves to "promote (a) higher standards of living, full employment, and conditions of economic and social progress and development; (b) solutions of international economic, social, health, and related problems; and international cultural and educational cooperation; and (c) universal respect for, and observance of, human rights and fundamental freedoms for all without distinction as to race, sex, language, or religion."

The United States, along with other member nations, has pledged itself to take joint and separate action in cooperation with the UN to achieve these purposes.

The Economic and Social Council has the immediate responsibility for seeing that the necessary functions in this broad field are performed. The Council had its first meeting in London in the early part of 1946. Its fourth and most recent session was concluded on March 29. The Council is thus of recent origin, and we are only beginning to realize clearly the full significance of this important organ of the United Nations and the amount of work which is required in preparing the positions and the policies to be followed by the United States representative on the Council as well as our country's representatives on the nine commissions of the Council.

During the three sessions which the Council plans to hold each year and the one or two sessions which each commission will hold each year, the United States representatives need technical advisers from the various departments in Washington that are concerned with economic and social matters.

President Truman has pledged this country's support to the United Nations "with all the resources that we possess." For this reason, the Department of Labor has joined with other Federal departments to see that this vital organ of the United Nations, upon which so much of the peace of the world depends, is fruitful and successful.

The Department of Labor has not only provided an adviser to the United States representative on the Council. It has also provided advisers to the United States representative on the Economic

and Employment Commission, the Social Commission, the Human Rights Commission, and the Status of Women Commission. These are new and important responsibilities which should be seriously and conscientiously carried out. The commissions of the Council meet once or twice a year.

ECONOMIC AND SOCIAL COUNCIL TENTATIVE PROGRAM OF MEETINGS FOR 1947

I would like, if I may, to put into the record the Economic and Social Council tentative program of meetings for 1947.

Senator KNOWLAND. It may go into the record at this time.

(The information is as follows:)

Economic and Social Council tentative program of meetings 1947

Headquarters	Geneva	
	Apr. 10 to Aug. 30...	Preparatory Committee of Trade and Employment Conference. ¹
Apr. 14-26.....	-----	Subcommission on Statistical Sampling.
Apr. 21 to May 5.....	-----	Subcommission on Prevention of Discrimination and Protection of Minorities.
	Apr. 4-19.....	Permanent Central Opium Board.
Apr. 28 to Oct. 5.....	-----	Fiscal Commission.
May 5-17.....	-----	Subcommission on Freedom of Information.
May 25 to June 7.....	-----	Social Commission.
June 9-21.....	-----	Preparatory Conference of Experts on Telecommunications.
Do.....	-----	Economic and Employment Commission.
June 16-28.....	-----	Commission on Human Rights.
July 19.....	-----	Economic and social council (including meetings of the standing committees).
Aug. 4-16.....	-----	Subcommission on Development. ²
Aug. 11-23.....	-----	Population Commission.
	Aug. 25-30.....	Permanent Central Opium Board.
Aug. 25 to Sept 6.....	-----	Statistical Commission.
Do.....	-----	Subcommission on Employment and Stability. ²
	Sept. 1 to Sept. 13.....	Narcotics Commission.
Sept. 9 to Nov. 11.....	-----	General Assembly.
To be held after General Assembly.	-----	{ Trade and Employment Conference (Plenary).
	Oct. 6 to Oct. 11.....	{ Information Conference.
Nov. 17 to Nov. 29 (or elsewhere).	-----	Narcotic Drugs Supervisory Body.
	-----	International Maritime Conference.
Nov. 17 to Nov. 29.....	Nov. 11 to Nov. 29..	Transport and Communications Commission.
	-----	Commission on the Status of Women.
	Nov. 17 to Nov. 22..	Narcotic Drugs Supervisory Body.
	Nov. 24 to Nov. 29..	Permanent Central Opium Board.

¹ It is expected that the Preparatory Committee will be in full session from (approximately) May 12 to June 14, and from Aug. 11 to 30; and that between June 14 and Aug. 11 the delegations will be engaged in tariff negotiations between themselves.

² If established by the Economic and Employment Commission at its second session.

If the Council decides at its fourth session to arrange meetings in connection with an Economic Commission for Europe, they could be held in Geneva at the end of April and again in June.

Meetings of the International Emergency Childrens' Fund and of the Preparatory Commission of the International Refugee Organization will be required to be added to the above list.

INTERDEPARTMENTAL COMMITTEE ON INTERNATIONAL SOCIAL POLICY

Mr. MORSE. I come now to the Committee on International Social Policy.

There is also a large and important job to be done in determining broadly what policies and what positions the representatives of this country to the Council and its Commissions should follow on international economic and social matters. A few months ago, in re-

sponse to this need, the President created the Committee on International Social Policy, composed of representatives of the Departments of State, Labor, Commerce, Agriculture, and Interior, and the Federal Security Agency. When proposals of interest to other departments or agencies are considered, a representative may participate in the discussion and vote on the matters under discussion.

Under Secretary of State Clayton is Chairman of this Committee; and, as Secretary Schwollenbach mentioned, I have been made operating Vice Chairman of this Committee. The Committee has six major subcommittees, the titles of which indicate to some degree the range of problems that must be considered. These are a Social Welfare Committee, a Non-Self-Governing Territories Committee (which deals, among other things, with policies to guide the United States representatives on the Trusteeship Council), a Committee on Human Rights and Status of Women, a Committee on Health, a Committee on Labor, and a Committee on Cultural Relations, Information, Education, and Science.

The top committee and its subcommittees are necessarily very active, because there is a constant need for policy decisions to be made in connection not only with the various sessions of the Economic and Social Council and its commissions but also the meetings of the specialized agencies. Position papers must be prepared on a wide variety of social problems and must be thoroughly discussed in order to reach as much agreement as possible among the Federal agencies and departments.

Senator McKELLAR. What are some of those social problems that you will discuss?

Mr. MORSE. I would like, if I may, to go to the next paragraph, sir, which mentions some of the problems.

Senator McKELLAR. That is satisfactory with me.

WORK OF COMMITTEE

Mr. MORSE. As an example of the work of this Committee, during February the Committee and the subcommittees met six or seven times to discuss and approve the United States policy on such matters as the instructions to the United States representative on the one hundred first session of the ILO Governing Body, the United States comments on proposed ILO conventions concerning labor standards in nonmetropolitan territories, the position the United States representative to the Economic and Social Council should take with regard to a General Assembly resolution on narcotics and on the recommendations made by the Narcotics Commission, and with regard to the recommendations of the Social Commission which included the International Children's Emergency Fund, the transfer of UNRRA welfare activities, the calling of an international conference on housing, and the setting up of a housing and town planning service and the relations of the commissions to such specialized agencies as the ILO.

All told, more than 25 different matters were discussed and settled—some of them involving the preparation, the study, and the analysis of documents ranging up to 30 pages in length. Only careful preparatory work by staff members of the various departments made it possible for the Committee to get Government-wide agreement on such complicated issues in such a short space of time.

EXECUTIVE COMMITTEE ON ECONOMIC FOREIGN POLICY

We have discussed the social aspects of our foreign policy, particularly with respect to our participation in the United Nations, and how the Department of Labor assists in formulating and guiding this policy. Let us now turn to the economic phases of our foreign policy.

PURPOSE OF COMMITTEE

The Executive Committee on Economic Foreign Policy was established by Presidential direction in the spring of 1944, to examine problems and developments affecting the economic foreign policy of the United States and to formulate recommendations with respect to it for the consideration of the Secretary of State, and, in appropriate cases, of the President.

MEMBERSHIP OF COMMITTEE

This Committee is made up of representatives of the Departments of State, Treasury, Commerce, and Labor, and the Tariff Commission, and meets weekly to examine proposals for United States economic policy on the international front, both as regards their impact on the domestic scene, and their effect on our international relations. When the proposals being considered are of interest to departments other than those mentioned, a representative of that department is called in to advise and vote on the subject in question.

PROPOSALS ON ECONOMIC FOREIGN POLICY ANALYZED

The Department of Labor is responsible for analyzing each one of the proposals on economic foreign policy from the point of view of its effect on the situation of American wage earners and salaried workers, and on the situation of labor groups abroad as it would affect our international relations.

We take account of the effect of given policies on levels of employment and wages, supplies and prices of goods, and working and living conditions, both in the immediate future and in the longer run. It is naturally impossible to calculate at first glance the end results of labor, or for any other group, of most recommendations on foreign policy. Each proposal is, therefore, first considered by an ad hoc group of experts. These experts bring together materials bearing on the proposal, analyze the issues, and prepare a preliminary recommendation to be considered by the full committee. The work of these ad hoc committees is frequently very time-consuming.

During the month of March, for example, in addition to the regular weekly meetings of the full committee, the Department participated in three special meetings, and four meetings of ad hoc committees.

This type of interdepartment consultation is essential if our economic foreign policy is to be developed with a full knowledge of the facts and is to be fair to all groups in the United States.

SPECIALIZED AGENCIES

As to specialized agencies, I have previously mentioned the specialized agencies of the United Nations, and I should just like to say

a word about them before discussing in some detail the special work which the Department of Labor must perform with regard to several of these agencies.

The United Nations Charter provides that intergovernmental organizations in the economic and social field, such as the International Labor Organization, which have wide international responsibilities should be brought into relationship with the United Nations, giving to the Economic and Social Council the job of working out the agreements that might be made with such agencies and coordinating their activities. These agencies include also: United Nations Educational, Scientific, and Cultural Organization; Food and Agriculture Organization; the World Health Organization; as well as the International Refugee Organization and the International Trade Organization when they come into existence.

INTEREST OF LABOR IN SPECIALIZED AGENCIES

Labor has a direct and definitive interest in the work of many of these agencies. I shall mention briefly two of the most important of these from the Labor Department's point of view.

The first of these is the International Labor Organization.

INTERNATIONAL LABOR ORGANIZATION

The Department of Labor has the major responsibility for the participation of the United States Government in the work of the International Labor Organization. This organization has been in existence since 1919 and is one of the most active of those specialized agencies which have been brought into relationship with the United Nations.

Since 1934, the United States has been a member of the ILO and has participated fully in all functions of the organization. This ILO membership was undertaken upon a joint resolution of the Congress. The Congress has annually appropriated money for United States membership in the organization and has ratified five ILO conventions. Federal and State legislation has been enacted to implement these conventions.

COMPONENT PARTS OF ORGANIZATION

The ILO consists of three component parts: the International Labor Office, which is a secretariat; the Governing Body, which acts as a board of directors; and the International Labor Conference, which is the legislative body.

REPRESENTATIVE OF UNITED STATES GOVERNMENT

The President has named me as United States Government representative on the Governing Body of the ILO. The Governing Body meets four times per year. I must either attend these sessions myself or designate a substitute who is appointed by the President to attend in my behalf. It is also necessary to take a minimum number of advisers from the Labor Department, the Department of State, and sometimes from other departments, such as the Bureau of the Budget, so that I may have the benefit of expert technical assistance on some of the more involved problems. Preparatory work must also be done in the bureaus and divisions of the Department and coordinated and

reviewed in my office prior to these meetings so that we are fully prepared on all agenda items.

ANNUAL MEETINGS

The International Labor Conference meets annually. I am Chief of the United States delegations to these Conferences. Since the Conferences are lengthy—usually lasting at least 3 weeks—and the agendas are long, a great deal of work must be done in the bureaus and divisions and coordinated and reviewed in my office in preparation for them. In collaboration with the Department of State, we prepare instructions from the Secretary of State to the Conference delegation.

SELECTION OF DELEGATES

We select the delegates to attend the Conferences, as well as their advisers. In the case of the employer and worker delegates and advisers, selection is made after consultation with the leading trade and labor organizations. It is also the responsibility of my office to supply these delegates and advisers with all relevant information concerning the Conference and to formulate and coordinate with them the United States position on questions coming before the Conference.

STATEMENT OF INTERNATIONAL LABOR ORGANIZATION DELEGATION'S COMPOSITION AND COST

Senator KNOWLAND. The expenses to the Conferences are paid out of the State Department?

Mr. MORSE. Except the meetings of the Governing Body. These are in large part paid for by the International Labor Organization itself.

I understand that that question was raised when the Secretary was here. I have had prepared for the committee a memorandum to put into the record—a memorandum listing the International Labor Organization delegation's composition and cost.

Senator KNOWLAND. That will be made a part of the record.

(The information is as follows:)

ILO DELEGATION'S COMPOSING AND COST

Attached as an appendix to my statement is a list of the program of meetings of the International Labor Organization during the calendar year 1947. It is safe to assume that the ILO meetings during the fiscal year 1948 will consist of approximately as many meetings and, in most instances, the same meetings as will take place during the calendar year 1947. This is true because the Governing Body of the ILO normally meets four times per year; the Conference meets regularly once a year, and the seven industrial committees now meeting have been holding sessions at intervals of from 1 year to 15 months.

Because I think you will be interested in these facts, I should like to explain the composition of ILO meetings and the cost of such meetings to this Government.

1. *Governing Body meetings.*—There are three American members of the Governing Body: Mr. J. D. Zellerbach, president of the Crown-Zellerbach Corp., representing the employers of the United States; Mr. Robert Watt, international representative, AFL, representing the workers of the United States; and myself, representing the Government of the United States. The ILO pays for the expenses of the employer and worker representatives who attend Governing Body meetings. The United States Government pays for the expenses of the Government member and his advisers. These expenses are provided for in the Department of State budget, along with expenses for other international conferences.

At the one hundred and first session of the Governing Body and the meetings of the various committees in February and March of this year, the Government sent three people—a substitute for me from the Department of Labor, and one adviser each from the State Department and Bureau of the Budget. In this connection, I might mention that the Bureau of the Budget adviser was already in Europe on another matter so no additional expense was involved for this trip.

At the one hundred and second session of the Governing Body, which will also be held in Geneva and will precede the big annual Conference in Geneva, the United States Government delegation will consist of myself and three advisers, two of whom are from the Department of Labor and one of whom is from the Department of State. All four of us will stay in Geneva for the thirtieth session of the International Labor Conference, so there will not be additional travel expense involved.

It is anticipated that there will be another session of the Governing Body during the calendar year 1947, but the day and place for this have not been set. It will, however, probably be held in Montreal.

2. *International Labor Conference.*—The thirtieth session of the International Labor Conference will be held in Geneva, Switzerland, from June 19 to July 11. Expenses for the entire United States delegation will be paid by the United States Government. These expenses are provided for in the Department of State budget. Under article 3 of the ILO constitution, there are four delegates from each country to the Conference, two representing the Government and one each representing the employers and workers. Each delegate may be accompanied by two advisers for each major item on the agenda. While the delegation for the thirtieth session has not yet been selected, it is anticipated that it will consist of the four delegates, and not in excess of eight advisers accompanying each of them. I should like to tell you about the delegation to the twenty-ninth session of the Conference which met in Montreal last year, to give you some idea of the broad base of these delegations. At that Conference the Government delegation was as follows:

Delegates: Senator Thomas of Utah, and myself.

Advisers and substitute delegates: Congressman Kelley of Pennsylvania, and Miss Miller, Director of the Women's Bureau, Department of Labor.

Advisers from the Department of Labor: Six.

Advisers from the Department of State: Four.

Adviser from the Bureau of the Budget.

Adviser from the legislative branch.

Adviser from United States Territories (Puerto Rico).

Adviser from State departments of labor (Ohio).

The War Department sent an observer.

The employer delegate was accompanied by five advisers, and the worker delegate was accompanied by seven advisers. Both Mr. Zellerbach and Mr. Watt were entitled to eight advisers, but in one or more instances persons who had been invited to attend were unable to be present.

There was, in addition a minimum amount of secretarial assistance made available to the United States delegation.

Industrial committees.—The United States Government does not pay the expenses of employer or worker representatives to industrial committees. These expenses are borne by the ILO. The expenses of the Government delegation are paid by the Department of State out of money appropriated for international conferences. Industrial committees are tripartite, having two representatives each from Government, employers, and workers.

At the Petroleum Committee meeting, held in this country, there were two Government delegates, one from the Department of Labor and one from the Department of State, and three Government advisers, two from the Department of Interior and one from the Department of Labor. There were two employer delegates and two worker delegates sent at the expense of the ILO. In addition, the employer delegates took six advisers at the expense of the advisers' trade associations or corporations, and the worker delegates took one adviser at the expense of the union involved.

The Government delegation to the Coal Mining Committee to be held in Geneva will consist of two delegates, one from the Department of Labor and one from the Department of the Interior, and two advisers, one from the Department of Labor and one from the Department of State. The State Department's adviser

is now stationed in the London Embassy, so very little expense will be involved for his transportation.

The Government delegation to the Inland Transport Committee, which will follow immediately the Coal Mining Committee and will also be held in Geneva, will consist of two delegates, one from the Department of Labor and one from the Interstate Commerce Commission, and two advisers, one from the Department of Labor and one from the Department of State. The same individual will serve as the Department of Labor delegate to both the Coal and Inland Transport Committees, so additional transportation expense will not be involved. Also, the Department of State adviser to the Inland Transport Committee is now in the Paris Embassy, so very little transportation expense will be involved.

These are typical of the steps which have been taken by the Department of Labor and the Department of State to attempt to hold to a minimum expenses for United States delegations. The importance of these committees is, however, clearly demonstrated, I believe, by the fact that the employers of the United States took six advisers (twice as many as the Government) to the Petroleum Committee meeting. Both industry and labor in this country recognize the importance of these ILO activities and have cooperated fully in selection and servicing of delegations. For example, the United States Chamber of Commerce and the National Association of Manufacturers select for us, after consultation with the trade organizations involved, the delegates and advisers whom we recommend for nomination to represent the United States at meetings of International Labor Conferences and industrial committees of the ILO.

4. The Committees of Experts, such as those which met in Montreal in March on statistics and in London in March on dependent territories and Geneva in March on the application of conventions, are financed by the ILO.

5. The United States Representative to the Sixth International Conference of Labor Statisticians to be held in Montreal in August will go at Government expense. The United States is entitled to a delegate and advisers. It is anticipated that this delegation will be held to a minimum, probably not exceeding three persons.

6. At the Preparatory Regional Asiatic Conference in October and the Regional Meeting for the Countries of the Near and Middle East, the United States has been asked to send an observer. It is anticipated that a single individual will be sent to these meetings. This will be at Government expense, but labor attachés at the appropriate embassies will probably be used to save transportation costs.

COORDINATION OF ACTIVITIES WITH OTHER FEDERAL AGENCIES

MR. MORSE. In most instances, it will also be necessary to coordinate these activities with Government agencies other than the Department of State. This will usually involve presenting the matter to the Interdepartmental Committee on International Social Policy or other intergovernmental committees for their consideration and advice on policy matters.

INDUSTRIAL COMMITTEES

In addition to the governing body and the Conference, the ILO has eight industrial committees, seven of which have been meeting annually. Much work must also be done in the bureaus and divisions and in my office in connection with these. Here again we select the delegates and advisers, collaborate with the State Department in connection with instructions when necessary, supply the delegates and advisers with relevant material concerning the meetings, and consult with them on questions which are to be considered. These committees meet all over the world and during the course of the meetings the delegates usually request advice, instructions, or confirmation of position. The State Department and the Department of Labor collaborate in handling these requests.

QUESTIONNAIRES SENT OUT BY INTERNATIONAL LABOR ORGANIZATION

In preparation for the meetings of the Conference and the industrial committees, the International Labor Office sends out to the member governments lengthy and involved questionnaires. Upon the basis of replies to these questionnaires, the necessary documents and reports for the meetings are prepared by the ILO. Preparation of replies to these questionnaires is also a function of the Department. The research and collection of data are done in the bureaus and divisions in consultation with other Government agencies. There is then coordination, review, and policy clearance in my office.

OTHER TYPES OF MEETINGS

Still other types of meetings of the ILO occur from time to time. Work for these must be done under my direction. For example, there are various regional conferences and preparatory conferences which require United States participation. An important example in point is the American States Regional Conference held at Mexico City in 1946.

ACTION ON CONVENTIONS AND RECOMMENDATIONS

After an International Labor Conference adopts conventions and recommendations, the member governments are required by the constitution of the ILO to submit these conventions and recommendations to their authorities for ratification. Under the new constitutions, which will soon be effective, ratification will require not only submission to the Congress but also to the States and Territories.

Senator McCARRAN. How many of those have been ratified?

Mr. MORSE. By the United States?

Senator McCARRAN. Yes.

Mr. MORSE. Five.

Senator McCARRAN. Before the war?

Mr. MORSE. Yes.

Senator McCARRAN. That was along in about 1937 and 1938?

Mr. MORSE. That is right, sir.

Senator McCARRAN. Do you recall the subjects that were dealt with; do you happen to recall?

Mr. MORSE. Yes; I do. They were exclusively in those instances maritime subjects.

Senator McCARRAN. Maritime subjects having to do with labor?

Mr. MORSE. Having to do with labor.

Does that answer your question, Senator?

Senator McCARRAN. Yes, sir.

WORK IN CONNECTION WITH CONVENTIONS

Mr. MORSE. A great deal of staff work must be done in connection with the advice given to the President concerning the advisability of ratification of these conventions by the United States. In addition, we must submit to the ILO annually, detailed reports on the steps taken by the United States to give effect to conventions it has ratified. These reports are prepared in the bureaus and divisions under the direction of my office. Under the new constitution, we will also have to report reasons for failure to ratify.

NEW CONSTITUTION OF ORGANIZATION

Senator McCARRAN. With reference to the constitution: How is that formed? You speak of constitution—the new Constitution—how is that formulated? How is it brought about and created and agreed upon?

Mr. MORSE. It is agreed upon by the members signatory who were the original members signatory under the International Labor Organization of the League of Nations.

After a convention is drafted, discussion takes place; then it is laid over for another meeting a year later, and then a final approval by two-thirds membership of the International Labor Organization.

Senator McCARRAN. The ground work for all of this was in the League of Nations?

Mr. MORSE. The ground work was in the League of Nations; yes, sir. You are quite right about that.

Senator McCARRAN. This is following down from?

Mr. MORSE. Yes.

The International Labor Organization is the only organization affiliated with the League of Nations which has survived the liquidation of the League of Nations, and I am rather inclined to the view that the reason for that is the International Labor Organization is tripartite and hence has considerable vitality. It has now been brought under the coordination of the United Nations Organization.

Senator McCARRAN. Yes.

Mr. MORSE. I do have a list of those meetings here if you would like to see them.

Senator McCARRAN. I would.

Mr. MORSE. I have a detailed account of them here in this book if you would like to see them.

PROGRAM OF MEETINGS OF INTERNATIONAL LABOR ORGANIZATION FOR 1947

I think while we are on that point it might be well if the chairman would agree for me to put into the record the program of meetings of the International Labor Organization for 1947 which gives you an idea of the extensiveness.

Senator KNOWLAND. They may go into the record.

(The information is as follows:)

International Labor Organization program of meetings, 1947

Date	Nature of meeting	Place
1947.....	Industrial Committee on Petroleum Production and Refining.	Los Angeles, Calif.
Feb. 20 to 22.....	Governing body of the ILO: Allocations Committee.	Geneva, Switzerland.
Feb. 24 to 27.....	Governing body of the ILO: Staff Questions Committee.	Do.
Feb. 28 to Mar. 4.....	Governing body of the ILO: Finance Committee.	Do.
Mar. 5 to 8.....	One hundred and first session of the governing body.	Do.
Mar. 10 to 11.....	Governing body of the ILO: Standing Orders Committee.	Do.
Mar. 3 to 7.....	Preparatory meeting of statistical experts.....	Montreal, Canada.
Mar. 17 to 26.....	Committee on Social Policy in Dependent Territories.	London, England.

International Labor Organization program of meetings, 1947—Continued

Date	Nature of meeting	Place
Mar. 24 to 29.....	Committee of experts on the application of conventions.	Geneva, Switzerland.
Apr. 23.....	Industrial Committee on Coal Mining.....	Do.
May 6.....	Industrial Committee on Inland Transport.....	Do.
June 4 to 12.....	Committees of the one hundred and second session of the governing body.	Do.
June 13 to 17.....	One hundred and second session of the governing body.	Do.
June 19 to July 11.....	Thirtieth session of the International Labor Conference.	Do.
Aug. 4.....	Sixth International Conference of Labor Statisticians.	Montreal, Canada.
Aug. 19.....	Industrial Committee on Iron and Steel Production.	Stockholm, Sweden.
Sept. 3.....	Industrial Committee on the Metal Trades.....	Do.
October.....	Preparatory Regional Asiatic Conference.....	New Delhi, India.
November.....	Regional meeting for the countries of the Near and Middle East.	Place not yet settled.

Senator McCARRAN. That is for the year?

Mr. MORSE. That is the agenda for the year.

Senator McKELLAR. I would like to have them read, please.

Mr. MORSE. All right, sir.

PROGRAM FOR 1947 MEETINGS

This is the program of the meetings for 1947. The Industrial Committee on Petroleum Production and Refining, Los Angeles, Calif.; that meeting has been held. That was held about 6 weeks ago.

There was a meeting February 20 to 22 of the governing body of the International Labor Organization at Geneva, Switzerland.

February 28 to March 4, the governing body of the International Labor Organization, Finance Committee, at Geneva, Switzerland.

Senator KNOWLAND. Did you attend those meetings?

Mr. MORSE. No, sir; I did not attend because of our occupation with legislative problems on the Hill, and I had designated a deputy for that purpose, Miss Frieda Miller.

March 10 to March 11, a meeting of the governing body of the International Labor Organization; March 3 to 7, a preparatory meeting of statistical experts at Montreal, Canada; March 17 to 26, a Committee on Social Policy in Dependent Territories held in London, England.

March 24 to 29, a Committee of Experts on the Application of Conventions held at Geneva, Switzerland; April 23, there is a meeting of the Industrial Committee on Coal Mining at which the coal industry of this country and the unions representing the workers in the industry will be present, and that is to be at Geneva, Switzerland.

Senator McCARRAN. Where was that held?

Mr. MORSE. That is being held at Geneva, Switzerland, April 23. May 6, there will be a meeting of the Industrial Committee on Inland Transport at Geneva, Switzerland; June 4 to 12 there will be the meeting of the committees of the one hundred and second session of the governing body at Geneva, Switzerland; on June 13 to 17 the one hundred and second session of the governing body, at Geneva, Switzerland; June 19 to July 11, the thirtieth session of the International Labor Conference at Geneva; that is the legislative meeting.

August 4, there will be the Sixth International Conference of Labor Statisticians at Montreal, Canada, August 19 there will be the Industrial Committee on Iron and Steel Production, at Stockholm, Sweden; September 3, the Industrial Committee on the Metal Trades, at Stockholm, Sweden; in October there will be a Preparatory Regional Asiatic Conference at New Delhi, India, requested by the Indian Government; and in November there will be a meeting in the Middle East and the place of that meeting has not been settled.

MEMBERSHIP OF DELEGATION

I believe that the committee knows that there is also as a part of our delegations when we go to our meetings, a senatorial representative. Senator Thomas of Utah has for some time been in attendance. There is also a representative from the States, one being selected from among the labor commissioners of the States and there is also a representative of the House of Representatives.

Senator McCARRAN. Is that the chairman in both instances, the House and Senate?

Mr. MORSE. Yes; of appropriate committees.

Senator McCARRAN. The captions arrest my attention just a little bit. One would think that they were rather industrial meetings and not labor meetings.

Mr. MORSE. You are quite right; they are very definitely industrial conferences in this respect—that the problems which arise which may affect wages, hours, conditions of employment, and safety, which is always a very large question, are involved.

We are so far ahead of many places in the world that the other nations of the world have an item in the agenda concerning safety in order to benefit from our experience.

COST OF MEETINGS

Senator McKELLAR. What is the cost of these meetings over the year?

Mr. MORSE. As far as the Department of Labor is concerned the cost has been a rather interesting factor. Prior to the war, let us say from 1936 to 1937 and 1938, the servicing of the International Labor functions from the Secretary's office was on a basis of an allocation of \$28,000 for International Labor Organization work.

Now, I think it should be pointed out that when adjustments are made for changes in classification of the salaries scale we would find that the amount allocated in those years would be equal to about 40 percent of the total funds we are asking here today for all of the functions involved.

AMOUNT REQUESTED FOR INTERNATIONAL LABOR ACTIVITIES

Senator McKELLAR. What are you asking for today?

Mr. MORSE. The total amount asked for today, including International Labor Organization, is \$93,769.

Senator McCARRAN. For all of the meetings?

Mr. MORSE. Everything. That is for all of the committees servicing the International Labor Organization and servicing of the other functions involved which I have not yet come to.

Senator McCARRAN. What did you say it was before the war?

Mr. MORSE. Before the war, just for International Labor Organization, it was \$28,000.

Senator THOMAS. Did the House reduce that amount that you are asking for?

Mr. MORSE. I do not know quite how to answer that question, sir, for this reason: We asked for the money indicated but there has been no specification in the report of the House which at all refers to any money which has been requested for this function.

Senator THOMAS. In other words, the House did not go through the bill and say that this item must be reduced to so much and the next item must be reduced so much, but they made a lump-sum cut?

Mr. MORSE. They said that in the Secretary's office so much money is permitted, but there was no listing of particular functions.

Does that answer your question?

Senator THOMAS. Yes, sir.

AMOUNT REQUESTED COMPARED WITH PREWAR FIGURES

Senator McCARRAN. Am I approximately correct that you are asking for nearly three times the amount that it cost before the war?

Mr. MORSE. Not for the International Labor Organization function; no. Before the war, you see, we asked for that amount of money, \$28,000, for the International Labor Organization function.

Senator McCARRAN. Yes.

ADDITIONAL FUNCTIONS NOW CARRIED ON

Mr. MORSE. But before the war we did not have the other functions that I have been talking about up to now to which I will address myself further as I go along. For example, the Foreign Service Board—Congress in the last session, the last thing it did, was to pass a Foreign Service Act and in that act it specified that an Assistant Secretary of Labor should be a member of that Board. Then it indicates what it is they want us to do. That is brand new and I go into that in some detail later.

Senator McCARRAN. You are going to explain why?

Mr. MORSE. Yes.

Senator McCARRAN. Excuse me for interrupting

INTERNATIONAL LABOR ORGANIZATION

STAFF WORK

Mr. MORSE. That is all right, sir. I am just talking about the International Labor Organization now.

I have indicated that most of this staff work is done by bureaus and divisions. It must, however, be supervised, reviewed, and coordinated both internally and with other Government departments, and cleared for policy by persons in my office.

The expenditure in the Department of Labor for servicing of the United States' obligations as a result of its membership in the ILO

is not new. During the 4 years immediately preceding the war—1935–39—in addition to the necessary work carried on in Washington, the Department maintained two key persons and one secretary in Geneva, which was then the seat of the ILO.

Senator KNOWLAND. Were those paid out of the Department of Labor funds or State Department funds?

Mr. MORSE. Our funds.

The Department does not now maintain any staff at International Labor Organization headquarters, but we must have adequate personnel in the Department to coordinate our obligations with respect to this important international body. In spite of the increased activities of the International Labor Organization in recent years—the industrial committee being a postwar development—the sum requested by the Department for this work is no more than that expended in prewar years.

By the way, the industrial committees to which you referred are definitely a postwar development.

Senator McCARRAN. The International Labor Organization as it existed prior to the war?

Mr. MORSE. Even with the expanded activities.

Now, if I may I would like to turn to the International Trade Organization.

PAYMENT FOR TRAVEL

Senator McCARRAN. Before you go into that, it was developed here the other day that the State Department pays for the travel. Now, how far does the State Department go in that direction? Does it pay for the travel and subsistence?

Mr. MORSE. Yes; the per diem.

Senator McCARRAN. What is paid by the Labor Department?

Mr. MORSE. The only thing paid for by the Labor Department are the salaries of those who attend.

Senator McCARRAN. What you are asking is for the Labor Department?

Mr. MORSE. That is for the personnel required for the job but does not include the expense of travel. The State Department, I think, has the jurisdiction in matters of that kind.

Senator McCARRAN. The money you are asking for is not for travel or for subsistence but merely for the salaries?

Mr. MORSE. That is right, of the experts.

PERSONNEL INVOLVED IN REQUEST

Senator McKELLAR. How many of these employees did you say there were?

Mr. MORSE. Well, sir, I was going to come to that later but I would like to make a point of it now in answer to your question.

All told, in the Department of Labor and the Secretary's Office which handles this entire function, we have asked for eight experts.

Senator KNOWLAND. What do you have now?

Mr. MORSE. Eight experts, not counting the secretarial people.

Senator KNOWLAND. You say you asked for them, but do you have eight now in the current year?

Mr. MORSE. No; we do not have, sir. We are operating in a very limited manner. We have at the moment five.

Senator McCARRAN. You are asking for eight in addition?

Mr. MORSE. Eight all told.

Senator McCARRAN. Three in addition?

Mr. MORSE. That is right.

Senator KNOWLAND. You are asking for eight experts and you have five now, but what kind of staff do you have now supporting the five and what will you need to support the increase to eight?

Mr. MORSE. I might go to that point.

The amount of money that we have asked for would cover 8 experts and would also cover 9 secretarial individuals, making a total of 17 persons.

Senator KNOWLAND. What do you have now?

PRESENT EXPERTS DETAILED TO SECRETARY'S OFFICE FROM OTHER DIVISIONS AND BUREAUS

Mr. MORSE. At the present time we have five experts and on the secretarial side we have five. I would like to point out that the persons that we have doing this work now, these five persons, are persons detailed to me in the Secretary's Office from other divisions and bureaus because there was no money available or allotted for this function to the Secretary's Office in order to service the International Labor Organization work and other responsibilities. It was necessary to have a minimum of people and we borrowed them from divisions and bureaus and that represents the five people.

Senator McCARRAN. They were paid for by the other divisions?

Mr. MORSE. That is right.

Senator McCARRAN. Did you not get an appropriation for this work in years past?

Mr. MORSE. Well, in years past there was the International Labor Organization appropriation that I talked about.

Senator McCARRAN. That is what we are talking about all the time.

Mr. MORSE. Yes; but there was never an appropriation for carrying out these other functions or activities that I am talking about.

PREWAR EXPENSE OF ILO

Senator McCARRAN. I am trying to get this clear because it is, to me at least, a little confused. In other words, I want to segregate the International Labor Organization proper as it existed prior to the last Congress, let us put it that way, when you got additional legislation. What was the expense of the International Labor Organization proper and who paid for it?

Mr. MORSE. The expense prior to the war was allocated by the Congress, and it was \$28,000.

Senator McCARRAN. That was appropriated in Congress and it was to employ experts in this International Labor Organization activity?

Mr. MORSE. Yes.

Senator McCARRAN. Now, then, when did you get into the habit of borrowing?

Mr. MORSE. We began to borrow when I came into the Department as an Assistant Secretary of Labor, and I was entrusted by the Secretary of Labor to coordinate the activities of the Department which were on the international side and to assume the responsibility for

new activities which had been brought into the Department by Executive order or legislation.

Senator KNOWLAND. Your salary as the Assistant Secretary is not chargeable to this \$28,000?

Mr. MORSE. No.

RECEIVED APPROPRIATION UP TO BEGINNING OF THE WAR

Senator McCARRAN. But you have been getting the \$28,000 right along?

Mr. MORSE. Up until the beginning of the war.

Senator McCARRAN. That was the reason for borrowing these experts from other bureaus?

Mr. MORSE. Precisely.

Senator McCARRAN. All right, now we are getting a little light on the subject.

Mr. MORSE. Yes, sir.

INTERNATIONAL TRADE ORGANIZATION

PLANS FOR FORMATION BY UNITED NATIONS ORGANIZATION

Now I will go to International Trade Organization.

Another specialized agency of the United Nations in which the Department of Labor has a very direct interest and responsibility is the proposed International Trade Organization. Negotiations for its establishment are now in progress, under the sponsorship of the United Nations Economic and Social Council. From the beginning the United States has played the leading part in this project.

It is hoped and anticipated that a charter for this organization will be adopted by a world trade and employment conference this fall and submitted to the nations for ratification.

AIM TO PROMOTE TRADE AND EMPLOYMENT

The importance of this development to American labor can hardly be exaggerated. The charter is designed to promote both trade and employment. It will not only set forth general principles for the conduct of trade with a minimum of restrictions and a minimum of government controls, but will also seek to safeguard labor and other groups against the possibility that shifts in trade might produce inadequate markets and a consequent growth of unemployment. It will furthermore provide for the industrial and general economic development of underdeveloped countries, which is of particular interest to workers employed in our heavy-goods industries which are seeking broader export markets.

It will spotlight the importance of eliminating substandard labor conditions in countries that might otherwise, by the process of exploiting labor, gain an unfair competitive advantage over our producers.

PROBLEM OF EXPLOITATION OF PEONS

Senator McCARRAN. You are looking hopefully into the future, are you not? At the present time one of the great problems is exploitation of peons?

Mr. MORSE. Yes.

Senator McCARRAN. So far, Mr. Secretary, have you made any headway?

Mr. MORSE. Insofar as the International Trade Organization is concerned, looking into the future, the ground work is being laid and the job remains to be done ahead. So far as the actual point that you have made, however, I can say that that is what the International Labor Office has been at grips with for years and is still; namely, the elimination of exploited labor, the building up of standards in other countries so that we in this country are not placed at a disadvantage by that exploitation.

In short, this charter promises to be a major instrument linking together international and domestic policy in a manner of the greatest interest to labor as well as other segments of the population.

ACTIVITY IN PROMOTING CHARTER FOR ITO

The Department of Labor is participating fully in the work of drafting and negotiating the ITO charter. This is a function that requires the expenditure of considerable time, both for interdepartmental committee meetings in Washington and for participation in international conferences.

A representative of the Department participated as a delegate at the 6 weeks London meeting of the ITO Preparatory Committee last fall, where his presence proved to be indispensable in connection with the employment and economic development phases of the work. After his return he took an active part in evaluating the accomplishments to date and participated as a member of the Government's panel, in public hearings on the charter held in various cities.

Senator McCARRAN. Mr. Secretary, I hope I do not interrupt you too much.

Mr. MORSE. Not at all.

Senator McCARRAN. I find it better to interrupt as we go along rather than to make notes.

I would like to have your expression on this thought. A great many of these conventions and meetings are for an excellent purpose and those who attend them are very zealous. But so much of them are lost sight of in the volume of data that is gathered and just stored away. They never get into active operation at all and I am wondering how much we are doing in that respect now. I appreciate the value of these meetings but I wonder if they get into practice, that is what I would like to have your thought on.

Mr. MORSE. You are wondering whether or not the interested people in this country are being informed with respect to the issues and facts.

Senator McCARRAN. Yes; and whether the principles involved become operative.

STATUS OF ORGANIZATION

Mr. MORSE. Insofar as the International Trade Organization is concerned, to be perfectly frank about it, the principles have not yet become operative. The thing has not been accepted and ratified by Government. It is negotiating its exploratory work.

INTERNATIONAL LABOR ORGANIZATION

Senator McCARRAN. The oldest of these is the International Labor Organization?

Mr. MORSE. Yes.

Senator McCARRAN. That being true, it has been in operation since shortly after the League of Nations was formed? What would you say in practical operation has come out of that for the benefit of the American people.

Mr. MORSE. What has come out of it is this: First, insofar as we are able by participating in these conferences and supporting conventions to get the other nations of the world to raise their standards with respect to employment—their costs with respect to employment, because that is inevitable—it is of direct and immediate benefit to the American businessman because it narrows down the margin of difficulty he has in meeting the goods which come from substandard countries.

OBTAINING INTEREST OF AMERICAN BUSINESS IN ORGANIZATION

Senator McCARRAN. The trouble with that is, as I see it, that we have so many American institutions doing business abroad. I have in mind certain institutions doing business abroad, for instance, mining institutions that mine their products abroad and they take advantage of the cheap labor. I am wondering if you can get those concerns in conformity with the lofty ideals of this movement.

Mr. MORSE. The best evidence I can give on that point is this, sir. One of our delegations since the end of the war has been composed of representatives of the petroleum industry, for example, Standard Oil, Texaco, and so on.

Senator McCARRAN. Yes.

Mr. MORSE. They have thrown themselves into the work of this government with respect to the International Labor Organization and they are actively participating in the conferences which are going on and working with us to the end of improving the conditions in areas that the conventions are supposed to apply in. Thus far I can say that these individuals we are talking about, these corporate interests, we are talking about, have come along and supported the work we are doing.

Senator McCARRAN. That is very interesting because that goes to the very heart of the thing.

Mr. MORSE. I think you will find, for example, when we get up our delegations for the International Labor Organizations, talking about the industrial side, the Manufacturers Association and the Chamber of Commerce, they have specifically designated in their institutions persons who are in charge of just this kind of work here. They work with us in the selection of delegations from employers and participate in briefing those individuals.

One of the best examples I can give you is a man by the name of J. D. Zellerbach, president of the Crown-Zellerbach Paper Co., on the west coast.

Senator McCARRAN. Paper pulp?

Mr. MORSE. That is right.

Mr. Zellerbach has devoted, I would say at least 50 percent of his time at his own expense working with the Government in ILO work all to the end of attempting to improve conditions throughout the world because of his economic theory that if we do not we are going to continue to suffer competitively. He is the chief of the employers group which goes and is selected by both the Chamber of Commerce and Manufacturers Association.

Senator McKELLAR. What does he hope to accomplish?

Mr. MORSE. From his point of view and from industry I asked him that question myself, Senator, and he said: "It is a long pull. We accomplish in the long run, we hope, a development of theories and laws in other countries which will build the standards up there which will help us in this country competitively."

Secondly, what appears to them to be important is that they are in a position through a world forum to take steps that might be necessary to protect the American system of free enterprise.

Their view is that if they were not in a position to participate in world forums on issues at this time, there would go by default the opportunity to protect the American system of Government and the American system of free enterprise. For that reason, they are anxious to participate and do participate and spend all of their possible time in this work.

QUESTION AS TO ACCOMPLISHMENTS

Senator McKELLAR. On the other hand, this organization has been in existence since after the First World War and nothing yet has been accomplished really. There is no agreement.

Mr. MORSE. There have been many things accomplished. There have been minimum wage laws passed in other countries which have brought up the wages of people who work in other countries.

COUNTRIES HAVING MINIMUM WAGE LAWS

Senator KNOWLAND. Could you supply the committee with a list of other countries who have minimum wage laws and what they are?

Mr. MORSE. I would be glad to do that.

Senator KNOWLAND. That will be made part of the record.

(The information requested appears on p. 841.)

Mr. MORSE. As a matter of fact, that is the kind of thing that industry and labor ask us to do and one of the vehicles we have for getting that done is the International Labor Organization.

INTERNATIONAL LABOR ORGANIZATION

WORK ON MINIMUM WAGE PROBLEM IN OTHER COUNTRIES

Senator McKELLAR. I would like to know what this organization had to do with the minimum wage in foreign countries. A good many of them passed minimum wages without regard to this, I imagine.

Mr. MORSE. There is this point to consider, sir. You will find upon examination of the work of the International Labor Organization that while a particular piece of legislation in a given country in the labor field is not enacted directly because it is a law passed by the International Labor Organization it may be indirectly because the

genesis of the law is with the ILO. At these international conferences various experts from throughout the world get together and discuss these problems and to these discussions come persons from other places with knowledge as to improvement of these things and they take it back to their country and even though they may not enact that legislation directly they legislate eventually because it comes from the International Labor Organization.

Senator McKELLAR. It seems to me that if there is ever going to be anything good result we would know about it. It would result in a contract or agreement and we have not reached an agreement or a contract.

Mr. MORSE. There have been countless numbers of contracts or agreements which have been entered into with the International Labor Organization and which have been applied throughout the world. The reason it does not exist so far as the United States is concerned is by and large our standards are so much higher than those of the other countries throughout the world that it has not been considered pertinent to take the steps to enact that kind of legislation. I will be very glad to supply that information for the committee. [See p. 841.]

Senator McCARRAN. Your discussions are interesting, Mr. Secretary. I would like to detain you further, but I do not think the committee can spare the time.

FOREIGN PRODUCTION OF COPPER

For instance, we will take the commodity of copper today, that is being brought in and is very essential from South American countries and from Rhodesia, and I suppose some from Russia. My information is that copper is produced in Rhodesia by natives for a few cents a day. The same is true to an extent, but nevertheless true in South American countries and that is one of the questions now uppermost in the minds of Congress because of the demand for the reduction in the excise tax on copper.

That causes me to ask whether there has been anything done in the raising of the labor standards in that one commodity?

Mr. MORSE. Copper?

Senator McCARRAN. Yes.

Mr. MORSE. As far as I know, no committee has been established for that purpose. A committee has been set up for coal and steel and several other fields but not for copper. I do not believe that any action has been taken in that regard.

Senator KNOWLAND. It seems to me that would be the greatest contribution that we could make against the spread of communism abroad or on this continent, the encouragement of the wage standards and the minimum wage levels. If we could do that in foreign countries, we would make a more practical contribution to combating communism abroad than anything this Nation can do.

Mr. MORSE. You have, I think, put forth the greatest force in developing our activities in that field; that is, namely, to participate affirmatively in the forums that exist in the interests of improving conditions so you may eliminate the seeds which make for communism and other activities.

Senator McCARRAN. You can do more with that than we will do with the \$400,000,000 that we will send to Turkey and Greece.

Mr. MORSE. Industry and labor are both interested because they see the means of protecting the free-enterprise system. That is saying it a little differently than what the Chairman has said.

INTERDEPARTMENTAL COMMITTEE ON TRADE AGREEMENTS

Under Executive Order 9832, recently issued, the Department of Labor has been added to the list of agencies on the Interdepartmental Committee on Trade Agreements. This step gives official recognition to the fact that American labor is as vitally interested in the content of our trade treaties as the American farmer and the American businessman.

WORK OF COMMITTEE

In accordance with the law first enacted in 1934, and subsequently extended and amended, the Trade Agreements Committee is the agency through which the President must seek information and advice before concluding a trade agreement. Data compiled by the Tariff Commission regarding the probable effects of granting tariff concessions on imported items, data compiled by the Department of Commerce regarding the probable effects of obtaining a concession on exported items, and views of interested persons presented to the Committee for Reciprocity Information must all be sifted by the Trade Agreements Committee in preparing recommendations for the President. It will be the special responsibility of the Labor Department in this connection to see that these recommendations adequately safeguard the employment needs and living standards of American workers.

It is clear that, if this assignment contained in the President's recent Executive order is to be properly discharged, the Department's representative on the committee must be prepared to spend time on detailed study of a wide variety of items entering into export or import trade. The substantial nature of the task can be seen from the fact that the Department has been requested to send a representative to work with the Trade Agreements Committee in Geneva for a period of 3 or 4 months during this spring and summer.

PROBLEM IN OCCUPIED AREAS

I am sure we all agree that the most important single thing to be accomplished in the occupied territories is the development of peaceful and democratic societies. As you know, two Government departments are primarily responsible for the occupied territories: The State Department for formulating broad political and economic policy, the War Department for the operating phases of the occupation.

Both the State and War Departments recognize the fact that in the occupied areas we are dealing with people who have been steeped in the doctrines of militarism and totalitarianism. It is no simple matter to reorient their thinking. Education as such is not enough. Democracy must become a vital part of the daily social and economic lives of these people. Trade unions particularly can provide excellent training grounds for democracy under appropriate conditions.

If union members can select their leaders and guide their activities on democratic principles the meaning and value of democracy will

be brought home to them as it can be in no other way. It is for these reasons that Secretary of State Marshall has emphasized in Moscow that German trade-unions must be enabled to develop along true democratic lines.

In addition to trade-union affairs, labor policy, and administration in the occupied areas is also concerned with wages, employment, industrial relations, working conditions, and other related problems, on all of which expert guidance is necessary. The State and War Departments have turned to the Labor Department for assistance.

SERVICES TO OTHER DEPARTMENTS IN CONNECTIONS WITH OCCUPIED AREAS

The State Department, looking to the Labor Department particularly for advice on labor and trade-union matters, has requested me to serve on its advisory Committee on Occupied Areas Affairs. This committee deals with the broad economic and social-policy questions which arise as a result of our occupation. Therefore, its weekly meetings require day-to-day attention if the Department of Labor is to give effective and accurate advice to the committee.

In this regard the War Department, which has the operating responsibility for the occupied areas, has requested the Department of Labor to render technical assistance in connection with the administration of labor matters in these areas. At its suggestion, we have designated a representative from my office to act in a liaison capacity with the Civil Affairs Division of the War Department.

Under my direction, this officer assists and advises the Division on labor problems arising in the day-to-day administration of the occupied areas. He also reviews and analyzes all labor reports from the occupied areas, analyses problems revealed in such reports, and, if necessary, suggests desirable action, on the basis of studies and recommendations made in the appropriate bureaus and divisions in the Labor Department.

Furthermore, the Labor Department assists the War Department in selecting American personnel for service with the labor sections in the occupied areas. The necessity of having qualified labor experts for handling the complex labor problems which arise in these areas hardly needs to be emphasized.

The competent bureaus and divisions in the Department also make special labor surveys for the War Department, as requested, make recommendations for new or revised codes and legislation affecting labor in the occupied areas, and assist in promoting educational programs directed toward the newly organized union organizations in these areas.

PRESENTATION OF FOREIGN LABOR DEVELOPMENTS TO AMERICAN PEOPLE

The Department of Labor has the primary responsibility for analyzing and presenting significant foreign labor developments to the Amer-

ican public and of advising the Department of State on the formulation of foreign policy in the labor field.

HOW FUNCTION IS CARRIED OUT

To carry out these functions, the Department of Labor, through its bureau and divisions, especially the Foreign Labor Conditions Staff of the Bureau of Labor Statistics, conducts research on foreign labor conditions throughout the world and, working in close cooperation with the Department of State, assists that agency in guiding and directing the foreign labor reporting program of the foreign service.

In order to formulate a realistic foreign economic and social policy our Government must secure timely, complete and analytical information on foreign labor attitudes, activities, and institutions, cost of living, wages and productivity through Labor Attachés or other specially trained personnel in the foreign service.

LIAISON OFFICER IN STATE DEPARTMENT

In order to facilitate this program, I have recently, in agreement with the Secretary of State, stationed a liaison officer in the State Department. The Departments of Commerce and Agriculture have had similar arrangements for many years. This arrangement facilitates the proper accounting and distribution of all incoming materials to the Department of Labor and the dispatch of all outgoing requests for information from abroad.

The liaison officer also participates in the preparation of reporting instructions for the foreign service officers and makes recommendations for improving the effectiveness of the foreign reporting program in meeting the requirements of the bureaus and divisions of the Department of Labor.

QUESTION AS TO DUPLICATION

Senator KNOWLAND. Is there any duplication in the State Department? Do they have, for instance, any so-called experts on the staff of the State Department in addition to calling on your Department for advice?

Mr. MORSE. I do not believe, sir, that there is any duplication that exists between our Department and the State Department. The State Department, however, does have a number of individuals in a section that they have called ILH which deals with labor matters but it has been primarily concerted on the labor side with the labor attaché program as such.

Then, they are concerned with health matters and welfare matters but that is a concern where the principal interests are those of other departments, other than the Labor Department. So far as the State Department is concerned they have people in a labor section there but they are people, as I understand it, primarily concerned with labor from a separate angle.

Senator KNOWLAND. My recollection is that from testimony we have had from the Women's Bureau of the Department of Labor that they were called through your office to supply information in regard

to health and working conditions of women and child labor and so forth.

The only point I want to know is whether there is a duplicating organization going through the same motions and putting out some of the same material in the State Department. While that is not before this particular subcommittee, I thought I would make an inquiry of the chairman as regards the State Department budget to go into that phase of it.

Mr. MORSE. There are some people in the State Department who deal with this problem, but I am simply not informed as to the work which they do.

Senator KNOWLAND. I will look into that later.

NEW STATUTORY DUTY UNDER FOREIGN SERVICE ACT

Mr. MORSE. I would like to talk about a new statutory activity which we have which arises under the Foreign Service Act.

MEMBERSHIP ON BOARD OF THE FOREIGN SERVICE

Without accurate and timely information on foreign labor developments, the Government cannot develop sound international policies. The Congress recognized this, and in the Foreign Service Act of 1946 provided for statutory membership of the Department of Labor on the Board of the Foreign Service. In this way, the Department can be in a position to carry our over-all responsibilities in the foreign service itself and in the whole field of labor reporting.

FUNCTION OF BOARD OF THE FOREIGN SERVICE

The Board of the Foreign Service was created by the Foreign Service Act of 1946. This Board has an active and leading role in the direction of the foreign service. It is responsible for advising the Secretary of State on the formulation of policy on all matters of administration and a general review of procedures. The act stipulates that the Departments of Commerce, Agriculture, and Labor shall have full-time membership on the Board, in addition to three Assistant Secretaries of State and the Director General of the Foreign Service.

By their participation on the Board the Commerce, Agriculture, and Labor Departments can contribute to the development of a unified Foreign Service—an objective explicitly desired by the Congress—and see that the Service satisfies the foreign reporting requirements of the Government agencies which have international responsibilities. For some time, our Foreign Service has made provision for commercial, agricultural, and labor officers and it is essential that these officers be effectively integrated into a unified Foreign Service.

The Foreign Service Act was passed unanimously in both Houses except for one dissenting vote in the House.

This whole field of governmental activity is of such vital importance to the successful operation of our foreign policy that I should like to give you some details on the operation of the Foreign Service under the new act.

It was the intention of the act to make the Board of the Foreign Service a more effective instrument by relieving it of as much detailed work as possible so that it could concentrate on policy matters.

FUNCTIONS DISCHARGED THROUGH A STAFF BOARD

From the outset, therefore, the Board has discharged its policy functions with a staff board, and has delegated to the administrative offices and divisions of State and to specific limited subboards the so-called operating functions under the statute, retaining only a general review of methods and procedure to be followed.

The staff board has a composition corresponding to that of the Board of the Foreign Service. It serves as an intermediary body to formulate policy and procedures on which the top Board may act. The staff board deals initially with matters to come before the top Board. It has concerned itself with the formulation for the top Board of policy and procedures to be followed by the Foreign Service in its day-to-day operations.

PROMOTION OF FOREIGN SERVICE OFFICERS

The Board has already implemented that part of the act which calls for a promotion up or selection out system, and two selection boards are currently engaged in promoting Foreign Service officers under the new system. Through close cooperation of all of the agencies on the Board, there was agreement on the composition of the selection boards and the procedure for promotions, including voting.

OTHER WORK OF BOARD

In addition, the Board is engaged in developing standards for admission to the Foreign Service reserve and the Foreign Service staff, transfers between different branches of the Foreign Service, and title and ranks of Foreign Service officers. It intends in the near future to develop a staffing pattern for missions abroad and to revise and overhaul the reporting services of the Foreign Service.

Other matters that the Board will consider shortly are the rules and regulations for disciplinary action, training of Foreign Service officers and recruitment policies. Finally, it is expected that the regulations of the Foreign Service will be revised in line with the requirements of the new act.

The appointment of candidates into the Service and the assignment of officers to posts and their transfer from post to post are matters of very real interest to the State, Commerce, Agriculture, and Labor Departments.

The Board of the Foreign Service has chartered the Appointments and Assignments Board with composition comparable to its own to apply this interdepartmental interest by making recommendations to the Director General on individual personnel determinations in the Foreign Service. The Appointments and Assignments Board refers to the Board of the Foreign Service and its staff board any policy questions and problems which arise in the course of the determinations of individual personnel actions.

BOARD OF EXAMINERS OF THE FOREIGN SERVICE

There is also a board of examiners of the Foreign Service. A representative of the Department of Labor, and representatives of the Department of State and other executive agencies sit on this board.

The function of the board is to recommend for the approval of the Board of the Foreign Service the general policy, procedure and pattern of written, oral and physical examinations for the Foreign Service; and within the general directive given to it by the Board of the Foreign Service, to provide for and supervise the conduct of examination given to candidates for appointment in accordance with the Foreign Service Act of 1946. This examining board has, therefore, the highly important responsibility of selecting new officers for the Foreign Service of the United States.

WORK IN CONNECTION WITH FOREIGN SERVICE ACT

It is evident from the above that there is involved a considerable amount of highly essential work in carrying out our statutory responsibility with respect to the Foreign Service. I, myself, must be prepared to spend one afternoon a week at meetings of the top board. The other boards meet at least once a week and in preparation for those meetings there is involved a large amount of staff work. This is a function of such prime importance to the people and Government of the United States that it must be serviced fully and adequately. Insofar as possible, I have been utilizing appropriate personnel in the operating divisions and bureaus of the Department.

Thus, the representative on the Board of Examiners is the Director of Personnel for the Department of Labor. It is essential, however, that one person on my staff have full responsibility for the coordination and direction of this work. We have cut our budget so closely that the person who has been assigned to this task also has to assume other responsibilities.

INTERDEPARTMENTAL COMMITTEE ON SCIENTIFIC AND CULTURAL COOPERATION

The function to which I will next refer briefly is the Interdepartmental Committee on Scientific and Cultural Cooperation.

In 1938, the Interdepartmental Committee on Scientific and Cultural Cooperation was organized at the request of the President to examine the subject of cooperation with the other American republics, and to prepare for his consideration a concrete program designed to render closer and more effective the relationship between the governments and peoples of the United States and of the 20 other American republics. The Labor Department has been a part of this Committee since it began.

The Committee found a wide range of activities in which the United States could cooperate to the mutual advantage of this Government and the other republics. Congress approved the objectives and passed legislation implementing the operations of the Committee.

An act authorizing the temporary detail of United States employees possessing special qualifications to the governments of the American

republics, Liberia, and the Philippines, was approved on May 25, 1938, followed by the amended Act of May 3, 1939. (Public Law 63, 76th Cong., 53 Stat. 652.)

However, the Committee's activities as well as the policy of Congress toward inter-American cooperation were more clearly indicated in an Act of August 9, 1939 (Public Law 355, 76th Cong., 53 Stat. 1290), which authorized the President to utilize the services of the departments, agencies, and independent establishments of the Government in carrying out reciprocal undertakings and cooperative purposes enunciated in the treaties, resolutions, declarations, and recommendations signed by all of the 21 American republics at the Inter-American Conference held in 1936 and at the Eighth International Conference of American States in 1938.

The instruments signed unanimously at these two conferences represent the combined opinion of all the American republics on what measures should be undertaken to promote inter-American cooperation.

As a result of this legislation the Committee was organized to operate under the immediate direction of the Under Secretary of State as chairman. The representative of the Department of Labor on the Interdepartmental Committee on Scientific and Cultural Cooperation is one of my assistants. His participation on this important committee requires a great deal of his attention and time.

Our representation on this committee relates directly to the Labor Department's active participation in the operating phases of the program.

WORK IN URUGUAY

A United States safety specialist, sent by the Division of Labor Standards, has just completed a 4-month assignment in Uruguay at the request of the Uruguayan Government. Arrangements are under way to send another safety expert to Chile.

WORK IN CHILE

A Women's Bureau specialist on industrial homework is now in Chile at the request of that Government working as an adviser to the Chilean National Department of Labor.

GRANTS TO TRAINEES IN INDUSTRIAL SAFETY AND LABOR LAW ADMINISTRATION

Grants to trainees in industrial safety and labor law administration have been made to four Latin-American countries. The Bureau of Labor Statistics has appointed three trainees to study labor statistics and the labor aspects of the 1950 census of the Americas. Similarly, the Women's Bureau has made awards to candidates from three Latin-American Republics to study the administration of labor laws relating to women and children. These three bureaus, as well as others in the Department, carry on an extensive interchange of information with foreign countries and supply organizations and business leaders in this country with information on foreign labor conditions. And I must say that from an intergovernmental point of view, it seems to us that more good has inured to this country through this type of operation in which our Department takes part than almost any other single type of operation; interchange of personnel, the interchange of

information, sending of individuals to these countries at their requests to assist them in their problems has been very important in relation to the support of the good-neighbor policy.

ARGENTINA

Senator McCARRAN. What is it doing in that respect in Argentina? Anything?

Mr. MORSE. No, sir; although I think it is very interesting to note, Senator, that the Argentine Government has just now established a new system, a system of labor attachés, and they are sending out into all of the countries of the world 50 individuals designated full-time as labor attachés to work with all of the other countries, in all of the other countries in the world, for the purpose of bringing back to Argentina information that will be pertinent from the labor point of view. Insofar as our interchange of personnel is concerned, it has not existed.

Senator McCARRAN. Has an attempt been made to set up an interchange between this country and Argentina?

Mr. MORSE. Not to my knowledge, Senator. I know that a trade-union committee of the American Federation of Labor recently went to the Argentine at the request and invitation of the Argentine Government, and returned and issued a report stating that the Argentine Government, from a labor point of view, was a Fascist government.

Senator McCARRAN. All right, thank you.

Mr. MORSE. I believe that I have more than encroached on the time that has been permitted me by the committee, so, perhaps, I had best turn to my concluding remarks.

WORK WITH GOVERNMENTAL COMMITTEES AND INTERNATIONAL BODIES

As the list in the appendix indicates, the Department participates in the work of many major governmental committees and international bodies. In my office the lines of responsibility for the Department's international activities can be divided along the lines of the work of these committees and international bodies. All of these activities are important and of great volume.

Insofar as possible, work with respect to them is done in the bureaus and divisions. All of this research, collection of data and other detailed work must, however, be coordinated, reviewed, integrated with the work of other Government agencies, and cleared as to policy in my immediate office.

In addition, members of my immediate staff must attend numerous intergovernmental and international meetings and conferences. This work in my office is of such a nature that only top-level personnel can perform it.

AMOUNT REQUESTED FOR INTERNATIONAL LABOR ACTIVITIES

We are, however, requesting only eight professional employees, including the liaison officers with the War and State Departments, and appropriate administrative and secretarial assistants, at a cost of \$91,947, to service this entire operation. I think you will agree with me that this is a very small request, as compared to the volume and importance of the job we have to do.

Senator McCARRAN. You stated in answer to Senator Knowland, I think it was, that the House had not indicated a specific cut, but it made a lump-sum appropriation for the whole Department.

Mr. MORSE. Yes, sir; for the Secretary's office.

Senator McCARRAN. Yes. Now, are you presenting your views to this committee so that we may take a different course by setting down a specific amount to your Department so as to accommodate these eight specialists—eight experts—and their staffs?

Mr. MORSE. And their secretarial people; yes. The position that I am taking is that in the appropriation made for the Secretary's office—since this is a function in the Secretary's office—that there be included the amount which we have requested to carry out the functions that I have specified.

Senator McCARRAN. Would you say in addition to that which has been allowed by the House?

Mr. MORSE. I would say that it should be, sir, in addition to the amount which had been allowed by the House, in view of the drastic cut made by the House.

AMOUNT FOR CONTINUATION OF PRESENT PROGRAM

Senator KNOWLAND. What would be the amount involved if you had the necessary funds for the five that you now have, five secretarial, but which I understand have been largely borrowed from other bureaus of the Labor Department? What would be involved in the continuation of the present program?

Mr. MORSE. \$62,416.

TRADE-UNION ADVISORY COMMITTEE ON INTERNATIONAL AFFAIRS

I would like to put into the record, and then close, a statement and list. I would like to mention to the committee that there has been accredited to the Department of Labor a trade-union advisory committee on international affairs. The labor movement in this country has created in each of its large organizations an office for international affairs—the American Federation of Labor, the CIO, the railroad brotherhoods, and trainmen, and so forth—and there has been accredited to the Department of Labor a committee composed of the top persons within those organizations. We meet with this committee and discuss international developments of interest to labor. Consequently, when I participated in meetings designed to assist in the formulation of United States policy in the international field, I am able to bring to these conferences an accurate appraisal of the interests and needs of labor with respect to the problems being discussed, tempered, of course, with our own appraisal of the general public interest. But the thinking of organized labor on international problems must be given full consideration when American policy is being developed.

Now, a recent example of the type of deliberations conducted by this trade-union advisory committee is the March meeting which we just held. At the request of this Department, the War Department brought to Washington for consultation the chiefs of the labor sections in military government of Germany, Austria, Japan, and Korea. These men met with the committee at one of our scheduled meetings,

and for 2 days discussed labor problems in the occupied areas. Of course, at these meetings the State and War Department were fully represented.

MEMBERSHIP OF COMMITTEE

I would like to put into the record the list of names of the individuals who go to make up this trade-union advisory committee on international affairs, so that the committee will have that before it.

Senator KNOWLAND. It may go into the record.

(The list referred to was as follows:)

APPENDIX

(Mr. Morse's statement)

MEMBERSHIP—TRADE-UNION ADVISORY COMMITTEE ON INTERNATIONAL AFFAIRS

Mr. James B. Carey, secretary-treasurer, Congress of Industrial Organizations.

Mr. David Dubinsky, president, International Ladies' Garment Workers Union, American Federation of Labor.

Mr. Thomas J. Harkins, assistant grade chief engineer, Brotherhood of Locomotive Engineers and Brotherhood of Railroad Trainmen.

Mr. A. E. Lyon, executive secretary-treasurer, Railway Labor Executives' Association.

Mr. George Meany, secretary-treasurer, American Federation of Labor.

Mr. Emil Rieve, president, Textile Workers of America, CIO.

Mr. Frank Rosenblum, secretary-treasurer, Amalgamated Clothing Workers of America, CIO.

Mr. Michael Ross, director, Department of International Affairs, CIO.

Mr. Robert J. Watt, international representative, AFL.

Mr. Matthew Woll, vice president, American Federation of Labor.

Standing committee: Robert J. Watt, Michael Ross, Thomas Harkins, A. E. Lyon.

Mr. MORSE. With that, gentlemen, I want to thank you for having given me the opportunity to appear and testify. If there are no further questions—

Senator KNOWLAND. Are there any further questions, Senator McCarran?

Senator McCARRAN. Your discussion has been very, very interesting and illuminating. I would like to have the opportunity and the time to ask you many more questions, but I do not think it would be best at this time.

Mr. MORSE. May I take advantage of your invitation, sir, to call on you at some later time to discuss that?

Senator McCARRAN. I would be very glad to have you do that.

Mr. MORSE. Thank you, sir, very much indeed.

Senator KNOWLAND. Senator Thomas, have you any questions?

Senator THOMAS. No.

Senator KNOWLAND. Thank you very much, Mr. Morse.

Mr. MORSE. Yes, sir.

Senator KNOWLAND. You will supply for the records of the committee the wages, and so forth, in other countries?

Mr. MORSE. Yes, sir. When would you like that, in 2 or 3 days?

Senator KNOWLAND. Yes; just as soon as you can conveniently do so.

Mr. MORSE. Thank you very much.

Senator KNOWLAND. Senator Myers desires to make a statement to the committee.

DEPARTMENT OF LABOR

STATEMENT OF HON. FRANCIS J. MYERS, A UNITED STATES
SENATOR FROM THE STATE OF PENNSYLVANIA

HOUSE REDUCTIONS

Senator MYERS. I am sure by now that the members of this subcommittee are convinced that the amputation of functions of the Labor Department proposed by the House Appropriations Committee, and agreed to by the House in H. R. 2700, was a flagrant instance of false economy and, I will even say, of irresponsibility.

This committee has heard many of the experts from the Labor Department testify on the exact nature of the functions they supervise, and also has the advantage of some very intelligent appraisals of the situation made here and on the floor of the Senate by such Senators as Mr. Morse and Mr. Sparkman.

In my appearance here I do not desire to go back over all the arguments which have been made, pro and con, because I am sure this committee is attempting to make a fair-minded approach to the situation and therefore is acquainting itself with those arguments so that further repetition would be unnecessary.

However, I do want to make clear, in case there is any doubt in the minds of any members of the subcommittee, that the functions of the Labor Department which would be curtailed or eliminated should H. R. 2700 become law in its present form—and I am sure it will not—are of vital importance to the State of Pennsylvania and, as such, are important to the Nation and, in fact, to the world; for Pennsylvania and its industrial capacity together compose one of the major factors toward the rebuilding of a world in ruins and, through that rebuilding, the achievement of real and lasting peace.

That sounds like a very extravagant statement, I know. But it is not extravagant. In their own way, each State contributes much toward that goal, but it is Pennsylvania on which we, and much of the world, now depend for steel and coal and glass and firebrick, the best grade of petroleum, textiles, and an unlimited variety of major industrial needs. Therefore, any action of the Congress which has as its effect the disruption or the hampering or the delay of full production in Pennsylvania is a serious matter.

That is why I am so concerned about this bill as passed by the House. Practically every function of the Labor Department which would be curtailed or eliminated is an important function in my State.

Briefly taking up some of the items in the bill, I would like to mention the significance of these cuts to my State.

WAGE AND HOUR DIVISION

A cut here of \$1,147,100 under budget estimates is a cut of more than 20 percent. Now, as far as Pennsylvania workers are concerned, this would not, on the surface, appear to be too serious a matter, because there are few establishments in my State where wages are lower than, or even as low as, 40 cents an hour. So there would, therefore, appear to be not much need for wage-and-hour inspections. But the picture is misleading.

Although employment is booming in most parts of Pennsylvania, there are areas of the State which are rapidly falling into the category of distressed areas and where unscrupulous employers might attempt to recruit workers at starvation wages if they thought the Federal Government was powerless to enforce the Wages and Hours Act.

As a matter of fact, even today in our present high-wage economy, Wages and Hours Act inspectors, making a limited number of inspections, are still finding violations. If the number of inspectors in the State is cut from 61 to 46, as would be required should this appropriation reduction stand, the inspectors would not nearly be able to keep up with new enterprises started in the State, let alone get around to many employers whose operations have never even been inspected. It is possible these 46 inspectors would not only have to cover Pennsylvania but adjoining States as well. Lack of sufficient inspectors is an open invitation to violations of a law which today is woefully inadequate but is the only law we have on the subject.

Just the other day, after the House had seriously cut back the Customs Service appropriation and that Service had to grant emergency furloughs or hand outright dismissals to the major portion of its force, smugglers recognized an immediate invitation to lawlessness. It was no surprise to me, therefore, to see an Associated Press dispatch reporting the murder of a customs patrol inspector by a smuggler in Arizona, almost immediately after the Service was crippled by the false economy drive of the House.

Here, we have a case of murder which, I think, can be attributed directly to the House Appropriation Committee's action. I do not look for any murders as a result of the emasculation of Wage and Hour Division enforcement, but I do fear that the invitation to smuggling represented by the false economy of the House bill for the Treasury Department represented—would be duplicated to some extent in this bill—as an invitation, not to smuggling but to chiseling on our wage earners in some areas of Pennsylvania where there is a labor surplus, and in any other areas of the State which may be hit by periods of unemployment. There is a more important aspect of the problem from the standpoint of my State, and it is this:

Pennsylvania, being generally a high-wage State, continually faces the prospect of unfair competition from other States where wages have a tendency to sink to substandard levels.

The textile industry in Pennsylvania, especially, is continually beset by ruthless competition from fly-by-night and runaway shops in other States where unscrupulous employers take advantage of the labor surplus to beat down wages and living conditions to deplorable levels. As low as it is, this 40-cent minimum wage which the Wage and Hour Division is to enforce is of substantial protection to Pennsylvania.

I do not want to cast aspersions on any other State, but I think it is worth noting that the textile State of South Carolina in the fiscal year 1946 reflected a rate of minimum-wage violations of 29 percent of all inspected establishments. This compares with a rate of less than 8 percent in Pennsylvania, and the rate in Pennsylvania was as high as it was only, I am sure, because the limited number of inspectors sought out those establishments which they thought most likely to be in violation.

I am sure that no representative of the State of South Carolina would approve of a crippling of the Division charged with enforcing

minimum-wage regulations, because South Carolina, I am sure, has no desire to encourage wage chiseling at the expense of its citizens. In a case like this not only do South Carolinians suffer from low wages but Pennsylvania industries and workers suffer because their product must face unfair competition.

I would like to remind the members of this committee that when the portal-to-portal bill was before the Senate, I attempted to amend it to provide for a 60-cent minimum wage. Senator Taft succeeded in having that amendment tabled after he declared that the Senate Labor Committee, of which he is chairman, intends to bring out some comprehensive amendments to the Fair Labor Standards Act with the intent of strengthening that act and raising standards.

A bill to do just that was passed by the Senate last year, indicating that if the Senate Labor Committee acts in the manner Senator Taft promised it would, it is very likely the Senate will approve a bill calling for a minimum wage of at least 60 cents—the figure approved last year—and, doubtlessly, even higher than 60 cents.

Senator Morse announced on the Senate floor that he voted to table my amendment for a 60-cent minimum because he thought it was not high enough, and I agree it is not high enough. I hope he and other members of the majority party will approve a bill calling for a higher figure. But, in the meantime, unfortunately, the minimum wage is still only 40 cents.

I mention all this because I think it is apparent that we are going to have a higher minimum adopted soon—and I trust it is soon—and that the duties of the Wage and Hour Division will be increased, therefore, as a result. If these inspectors found 325 violations of minimum-wage standards in the 1946 fiscal year in a high-wage State like Pennsylvania, it is obvious that a 60-cent minimum wage, or a 70-cent minimum wage or a 75-cent minimum wage might be violated more frequently than the 40-cent minimum wage was violated, as reflected in those cases where discovery of the violations was made. And if 29 percent of all establishments inspected in South Carolina in that year showed violations of a 40-cent minimum wage, what can we look for in the way of violations if the wage is raised and if there are insufficient inspectors to detect violations?

OFFICE OF THE SOLICITOR

Now, as to the Office of the Solicitor. I want to make some brief observations on this item which was cut by the House by about 500,000 dollars. This committee knows of the tremendously important functions of the Solicitor's Office, including advisory opinions on the Wages and Hours Act, the making of predeterminations of prevailing wage rates as required by four statutes relating to public construction, and so on.

There is not a single function of the Solicitor's Office that could be eliminated, because they are all provided for by law. The effect of a half million dollar cut, nearly a 50-percent cut, as provided by the House would mean not the elimination of any unnecessary functions but merely the delay of necessary ones.

Mr. Chairman, I do not think I have to emphasize the importance of speed on the part of Government agencies in dealing with the ex-

plosive issues of labor-management relations, particularly where wage rates are involved.

The most dramatic single instance where speed on the part of this office of the Labor Department was necessary occurred recently in Pittsburgh in my State, during that paralyzing power strike which brought mighty Pittsburgh to its knees.

This strike was not halted even when the courts issued an injunction against it and jailed the president of the independent union which called the strike. The strike was halted, however, suddenly and dramatically, after several weeks, when the Solicitor's Office of the Labor Department was asked to give a ruling on a legal question which up to then had stalemated any settlement. The question revolved around the application of wage stabilization regulations to any wage increase which might be arrived at should the issues of the strike be submitted to arbitration. 'It was a very complex legal question. The Solicitor's Office was asked for such an opinion immediately. And the very next day this dragging strike which had prostrated the great city of Pittsburgh was ended, and it was ended because the Solicitor's Office, working at top speed, prepared an opinion which convinced the union involved it could safely submit the dispute to arbitration.

Mr. Chairman, if the Solicitor's Office had been so undermanned and understaffed, as this bill in its present form would make it, it could not have acted so promptly. I venture to say that every day that that strike continued because of delay in the Solicitor's Office in providing an opinion on the legal question involved, would have cost Pittsburgh perhaps as much as the entire budget estimate for an adequate staff for this Office next year. The Solicitor's Office needs were estimated by the Budget Bureau at \$1,251,000. The half million dollars which the House proposed to save out of this item is small change, compared to the savings which accrued to the people and to the industries of Pittsburgh as a result of prompt termination of that strike.

I will have a little more to say later about how this power dispute in Pittsburgh was finally settled, partly as a result of the prompt and efficient and reliable work of another agency of the Labor Department, the Bureau of Labor Statistics. But at this point I want to complete my statement on the Office of the Solicitor.

One of the jobs of this office is, as I said, to make predeterminations of prevailing wages required under four statutes relating to public construction: The Davis-Bacon Act, the National Housing Act, the Federal Airport Aid Act, and the Hospital Survey and Construction Act. The Solicitor's Office must determine the currently prevailing wage rate in the locality—usually the county involved—for each class of laborer or mechanic to be employed on a particular project. Individual rates are established that way for carpenters, bricklayers, painters, plasterers, and every other craft to be employed on the project. These prevailing wage rates, once established, become statutory minimum wages and must be included in the advertised specifications for the project and in any contracts let for the construction work.

This is not a function which can be even partially eliminated. It is mandatory by law, and it must be done before any of the contracting agencies can go ahead with their work. It affects all kinds

of public construction—vitaly needed veterans' housing, educational facilities and hospitals, airports, public buildings, and many other things. The volume of construction in my own State affected by these laws is considerable.

From the beginning of January to the middle of March of this year alone, there were 112 requests to the Department of Labor from various agencies for predeterminations of wage rates for construction to be performed in Pennsylvania alone. One of these was for a veterans' hospital to be constructed at Wilkes-Barre, whose estimated cost is over \$7,000,000. An \$11,000,000 construction project is planned in Lebanon by the Veterans' Administration.

The National Housing Agency is putting up low-rent apartment houses in Philadelphia and elsewhere.

Veterans' educational facilities, each at an estimated cost of anywhere from \$21,000 to close to \$350,000, are being constructed in many places in Pennsylvania, including Chester, Huntington, Elizabethtown, Slippery Rock, Loretto, and the State College in Centre County.

War Department projects at Cumberland and New Cumberland, planned for the near future, have a combined estimated value of \$374,740.

Municipal airports at Westmoreland, Hazleton, Beaver, Somerset, Eagles Mere, Emlenton, Franklin, Waynesburg, to mention only a few, are planned by the Civil Aeronautics Administration under the Federal Airport Act.

The Public Buildings Administration has requested a predetermination for repairs to the United States Mint in Philadelphia.

Every one of the requests for predeterminations that comes into the Labor Department must be answered by the Office of the Solicitor. A reduction in the budget of the national office will simply mean that the answers will be delayed until an inadequate staff can get to them, and the practical result in Pennsylvania will be that millions of dollars worth of construction work will be held up.

Homeless veterans in my State will not be satisfied in their demand for decent shelter with the explanation that their needs cannot be met because Congress failed to appropriate adequately for the Solicitor's Office in the Labor Department.

Building trade-unions and construction contractors will regard it as very false economy indeed if by failure to appropriate an adequate sum we cause unemployment or hold up their businesses. I need hardly say that the cost to my State, directly and indirectly, of such false economy may even exceed the entire amount requested for the Office of the Solicitor.

Another function of the Solicitor's Office which will become increasingly important as a result of proposed legislation is that of giving advisory opinions on the application of the wage-and-hour laws. Mr. Chairman, the portal-to-portal bill now in conference would make of such opinions, official rulings which could be cited by an employer as his defense under "good faith" for a violation of the law resulting from his following such an opinion. Should that law be enacted it is obvious that the Solicitor's Office will have to be extremely exact and careful in its opinions, and this means more work for the agency, rather than less. I do not mean to say that the office is not now extremely exact and careful in its rulings, but it seems obvious to me that

the added responsibility thrust upon that agency under the bill, the portal-to-portal bill, would increase the burden of its work.

DIVISION OF LABOR STANDARDS

I now turn to the Division of Labor Standards. Here the House has gone hog-wild. It has eliminated the agency. It is thus presumably saving the Government \$718,700. I do not have readily available much detail on that—on what this means in safety and health work in Pennsylvania; I am sure it is substantial—but in a recent issue of the *Christian Science Monitor*, in an article by Josephine Ripley, the publication of April 4, I read the following:

In Rhode Island alone, last year, the Division (of Labor Standards) at the State's request stepped in to help reduce industrial accidents by 14 percent over the year before, thus saving labor and industry an estimated \$3,500,000—a sum far greater than the \$800,000 required for the Division's work.

Or course, if the Congress is going to adopt the position at this late date that industrial health and safety are not important, then there is nothing I can say to assure the continuation of this important function of the Labor Department. But, if the Congress is going to give up this work, I think the Labor Committee of the Senate should bring out a bill to eliminate the Division of Labor Standards and not let the House of Representatives Appropriations Committee, which is not noted for its understanding of industrial problems, make the decision for us on so far reaching a matter.

THE CONCILIATION SERVICE

I now turn to the Conciliation Service. The action of the House in this case was so ridiculous I doubt if I have to say much at all on this item for I am sure the committee recognizes the importance of this Service in maintaining industrial peace.

I note that Senator Taft in his proposed labor bill provides for substantially increased functions and responsibilities for the Conciliation Service, whether it be under the Labor Department or an independent agency. We are preparing to vote on the funds for this agency for the next fiscal year now. Are we to make a deep slash here, decapitate the agency, in fact, and then turn around and give it much more to do and find we have to vote it a deficiency appropriation? The half million dollars which would be saved under the House bill might result in the loss of millions of dollars to industry and labor in Pennsylvania alone, as a result of even one strike resulting from a lack of sufficient Conciliation Service personnel.

In my own city of Philadelphia, the Conciliation Service formed the Philadelphia Assembly in which employers and labor representatives meet with the branch director at the Philadelphia office to discuss general and specific problems of labor-management relations. Gentlemen, did you know that largely as a result of this work, the city of Philadelphia now has the best labor record of any city in the United States?

Mr. Chairman, a record like that does not just happen.

Just selecting at random some of the cases in which the Conciliation Service was involved in Pennsylvania recently, I might cite the instance in January when the Service brought about an eleventh hour

settlement of a dispute involving 36 foundry companies in the Philadelphia area, and the International Molders and Foundry Workers Union. This would have involved 2,000 employees directly, and indirectly thousands more, and the economy of the State, too. Is a service like that worth a half million dollars to the whole country when this was just one individual dispute it settled?

A strike involving 15,000 workers of the American Viscose Corp. was averted by the same Service only recently in Pennsylvania. Last October the Conciliation Service settled without a strike a dispute between the Radio Corp. of America and 2,000 electrical workers at Lancaster. Is it any wonder I do not want to see a guillotine used on this agency decapitating its directing leadership?

BUREAU OF LABOR STATISTICS

I have two letters here I would like to read before I say anything myself. One is from the head of the department of economics at Carnegie Institute of Technology, and the other is from the sales manager of the S. Morgan Smith Co. at York, Pa., to the Bureau of Labor Statistics, a copy of which was sent to me. In both cases, I asked for their permission to make public their communications, and they were happy to oblige. The letters are as follows:

HON. FRANCIS J. MYERS,

United States Senate, Washington, D. C.

DEAR SENATOR MYERS: It has come to my attention, through the press and through acquaintances in Washington, that the House of Representatives has recently voted to reduce the appropriation of the Bureau of Labor Statistics in the Department of Labor by about 60 percent from the fiscal 1947 level in the budget for fiscal 1948. I should like to urge that you do not support this drastic reduction. While it may well be appropriate to reduce the governmental expenditures at this time surely a cut of this magnitude in the Bureau of Labor Statistics appropriation will do harm far out of proportion to the relatively small volume of funds which is saved.

In particular, I should like to emphasize the great value for the schools, for business research, and for intelligent planning at the governmental level of the sort of statistical data currently being collected and analyzed by the Bureau of Labor Statistics. These figures are of a careful, nonpartisan, scientific nature.

They provide an objective factual basis for the making of intelligent economic decisions on a wide range of questions, such as price policies of individual firms, establishment of wage rates, man-hour productivity in different industries, etc. If the 60 percent cut is approved by the Senate, nearly everything except purely routine operations on a few series will have to be given up. The valuable series now obtained and published regularly by the Bureau have been built up over a long period of years. It would be a very serious backward step and loss to the academic and business communities for these years of progress to be reversed.

I urge, therefore, that you vote to moderate substantially this cut in the Bureau of Labor Statistics appropriation.

Very truly yours,

G. L. BACH,

Head, Department of Economics.

Senator MYERS. The other one is as follows:

APRIL 5, 1947.

We were, indeed, very much alarmed the other day when we read in a New York newspaper that Congress was intending to cut the Bureau of Labor Statistics appropriation about 60 percent. Most of the durable-goods industry is dependent upon your statistics for use as indexes in price-adjustment clauses contained in pending contracts. If these statistics have to be discontinued for lack of funds, the industry will be in a pitiable condition. A lot of companies holding long-time contracts will just about be wrecked. We have some

contracts extending back to 1942 which were held up and then resumed after the war. The United States engineers, Bureau of Reclamation, and TVA advise us that they cannot accept statistics for use as indexes unless they are compiled by a Government agency. Outside of the Bureau of Labor Statistics, we do not know of any Government agency that is set up to compile such statistics.

Undoubtedly other industries who have been relying on the Bureau's statistics of commodities, labor, etc., will be seriously affected. If Congress votes to cut down the Bureau's appropriation, it should indicate clearly what services should be pared down or eliminated and thus make sure that an economic crisis will not result.

We certainly appreciate your past help and the obliging manner in which you have tried to aid various industries.

Very truly yours.

D. J. McCORMACK,

Sales Manager, S. Morgan Smith Co., York, Pa.

One conspicuous example of the value of this Bureau is its occupational wage-rate survey providing wage rates for individual occupations in all major industries in localities of 100,000 population or more. These surveys would be eliminated under the House bill and only national averages would be available, thus depriving employees, unions, mediators, and arbitrators of authoritative information which very frequently aids in the settlement of disputes and the negotiation of wage contracts at the local level. Let me cite one case:

I mentioned the crippling power strike in Pittsburgh. The strike was ended, but not settled, by a ruling from the Solicitor's office. The strike was settled by arbitration. The arbitrators in this case kept the Bureau of Labor Statistics busy for about an entire month answering requests for pertinent wage information needed in the settlement of this case. Pittsburghers who went through the power strike would say it was a peculiar type of economy which would make it impossible for the Bureau of Labor Statistics to have provided the information which helped substantially in removing the threat of a repetition of that costly strike. Yet, if the proposed budget cuts go through, this type of information will cease to be available, not only in Pittsburgh but in Philadelphia, Reading, Erie, and the Allentown-Bethlehem area.

Cost-of-living indexes prepared by the Bureau of Labor Statistics, showing changes in consumer prices, would be eliminated on a monthly basis in this bill, in Philadelphia and Pittsburgh, and would be available only on a quarterly basis. In this period of changing prices—I trust they will be changing downward substantially—it is vitally important, not only to Pittsburgh and Philadelphia but to the whole State and to the Nation, to know what is really happening to prices, and this is the agency of the Government charged with finding out.

I can understand, Mr. Chairman, why some Members of the Congress desire these statistics eliminated entirely, because they show all too graphically what has happened to our economy since this Congress ruthlessly murdered price control by passing an unworkable bill last year. BLS has shown the fallacy of the arguments advanced in the Congress that without price control there would be a short period of rising prices and then a "readjustment," and everybody would have plenty at prices he could afford and everyone would be happy. Rather than assuming blame for the error of judgment and the wrong predictions made at that time, some Con-

gressmen apparently want to eliminate BLS cost-of-living studies so that they would not be confronted every month with the figures showing how wrong they were last summer. That is hardly a valid reason for doing away with the studies which chart the lifeline of our economy.

Housing statistics gathered monthly on new construction in Philadelphia, Pittsburgh, York, and Lancaster would be discontinued under this bill. These studies constitute the only available information showing the progress of housing for veterans and for the public generally and are widely used by the building industries and the real-estate industry. Similarly, BLS now makes rent surveys twice a year in Philadelphia, Pittsburgh, and Scranton. These surveys would be reduced to once a year. Yet if Congress allows rents to rise, these surveys would be necessary at least four times a year as the President has requested.

I am sure it is unnecessary for me to document all of the activities of BLS which are already well known to this committee and, I know, appreciated.

UNITED STATES EMPLOYMENT SERVICE

Now, as to the United States Employment Service. Mr. Chairman, throughout my statement I have been repeating the word "amazed" in discussing some of the cuts made by the House. None is as amazing as the cut for USES. Here the House committee and the House voted \$71,728,000—every cent which was requested—for the various State employment services which the Federal Government is subsidizing 100 percent. For the central office, the home office, headquarters, the nerve center of this far-flung program, the committee and the House allowed \$900,000 and cut \$3,000,000 from the budget estimate. That would make of the home office, of the national headquarters, a book-keeping office and nothing more; a paymaster.

We are turning loose here \$71,000,000 for the States to do with largely as they like, with no supervision, no control, no direction. Gentlemen, is that what the House means by good business in government? Would any of our large chain-business organizations think of putting every State manager on his own, with no supervision or control from the home office? Would any large chain-business organization, any great corporation operating in every State, think it good business to let each State manager devise his own policies, set his own program completely independent of any national policy? Would it consider withholding from its State manager the information and discoveries made elsewhere which would help him in promoting the business in his own State? Of course not.

Yet here we have a \$71,000,000 Nation-wide business, a big business, departmentalized by States in such a manner that no one State would know what the next was doing, that none of us in the Congress would know what any of them were doing with this tremendous amount of money we are providing in a blank check. If this be economy, then I do not think we in the Senate want any part of it—not this kind of economy.

In Pennsylvania the USES provides a working link with all other States in the Nation, many with similar employment problems, to improve the standards of operations for those in Pennsylvania who

need jobs and for those employers in Pennsylvania who need skills not available in our own State but procurable through the national clearing house of USES, which is now serving more than 200 Pennsylvania employers.

Among some of these firms which enjoy a service which would not be available if this bill were left unchanged are some of the most important in my State, not only in the industrial field but in research and education. To name a few:

Publicker Industries, Sharp & Dohme, Atlantic Refining Co., American Gear Manufacturing Co., Mellon Institute, Rust Engineering, Altoona Pipe & Steel, Aviation Corp., Armstrong Cork Co., Hercules Powder Co., Piper Aircraft Co., Pittsburgh Steel, Commercial Solvents, Sharpless Chemical Co., Baldwin Locomotive Works, Carnegie Institute, Chamber of Commerce of Philadelphia, Corning Glass Co., and Talon, Inc.

The type of employees they seek through the national clearing house of the USES is usually a type difficult to find, men technically trained in unusual specialties. I have not had an opportunity, Mr. Chairman, to investigate many specific cases in which USES has been of significant help in its recruitment of technical specialists for Pennsylvania firms, but I do know of several instances where this help has been of vital importance. USES is presently recruiting geologists, petroleum engineers, and geophysicists for one large corporation in Pennsylvania and recently obtained several scarce specialists for another firm.

Now, we in Pennsylvania have many fine technical schools whose graduates cannot always find jobs in their specialties in our own State but who are just the thing industries in other States may be looking for. To get them jobs, are we to depend on each State's sending out to the other 47 a list of all job opportunities of a highly technical nature and receiving in turn similar lists for each of the other 47 States in order to do all by itself what this national clearing house of USES is doing from one central agency? In other words, are we expecting each of the 48 States to build up an agency of its own which would be as efficient as the one central agency we now have? Well, I think, gentlemen, that would be bureaucracy compounded.

This is not only true in connection with the recruitment of technical personnel but applies to all sorts of job opportunities. There are parts of Pennsylvania where there are labor surpluses and where job seekers sometime are required to find openings in other States. Similarly, there are these same labor surplus areas in other States where are found skills needed in Pennsylvania. The object is to fit the man to the job and the job to the man, and if we are going to "Balkanize" our employment service, as Senator Morse recently said this appropriation bill would "Balkanize" our entire economy, we are certainly stretching economy to a point where it may break our economy.

The committee has heard at great length about the various functions of USES, and nearly all of the important ones are important to industrial States such as Pennsylvania, for the simple reason that Pennsylvania is such an important industrial State. I do not want to take the time to repeat all of this information, but I would like to cite a few examples of what this agency means to our State.

The personnel manager of a garment factory in Hazleton, Pa., recently found his employee turn-over was running as high as 58

percent. Testing programs developed by USES were put to work in this plant; and, as a result, the veterans who were hired under the on-the-job-training program—those who were tested and found suitable—have stayed at work, and turn-over has been reduced to 2 percent.

At the request of a textile manufacturer in Wilkes-Barre, it studied plant operations and developed two types of tests for quiller operators and weavers. These tests were so successful they are being adopted elsewhere.

In a rubber company in Erie techniques of testing developed by USES reversed a high turn-over rate to such an extent that during the first 30 days after installation of the program there was not a single job separation. There have been many such cases, and I do not want to take the time to cite them all.

One of the things the 77-percent cut in USES funds would mean is the elimination of regional offices. Eleven of the twelve regional offices would probably be abandoned. That would undoubtedly mean the end of the Philadelphia office, since it is so close to Washington. Pennsylvania employers who have had the experience of having to run to Washington for a decision every time a problem comes up will not, I am sure, find conditions improved in the employment field by the elimination of the Philadelphia office.

Mr. Chairman, I would like to repeat what I have said many times on the floor of the Senate in recent weeks. If the Congress is determined to do away with basic features in our Government—and the Labor Department represents one of the most basic departments of all—then I submit the Congress must have the courage to enact legislation specifically aimed at eliminating those things the majority of the Congress believe should be eliminated, and do it openly and aboveboard and not in a back-door fashion through the thoroughly dishonest method of starving out functions and agencies by means of appropriation bills.

The chairman of the Senate Appropriations Committee, Mr. Bridges, said to me during the debate on the legislative budget that one of the reasons the joint committee could not give a break-down on how cuts could be made was that this would be "prejudging" the work of the Appropriations Committees.

Mr. Chairman, I submit that in these appropriation bills, the House Appropriation Committee is attempting, all by itself, to reorganize the executive branch of the Government, and I do not think that it is its function, and I am sure that this committee and the Senate will not tolerate it.

Senator KNOWLAND. Any questions?

LETTER FROM DIRECTOR OF INSTITUTE OF LABOR ECONOMICS, UNIVERSITY OF WASHINGTON

Senator McCARRAN. Mr. Chairman, in keeping with the Senator's remarks, I would like to have the privilege of placing in the record a few letters, only a few.

One I have in my hand is over the signature of Mr. William S. Hopkins, director of the Institute of Labor Economics of the University of Washington:

The newspapers have reported that the House of Representatives, in its appropriation for the Bureau of Labor Statistics has provided for a 60-percent cut. It is my understanding from the papers that the House action will now be considered before the Labor Appropriations Subcommittee of which you are a member.

My interest in this arises from the fact that this institute is engaged in research in the field of labor economics which, we believe, performs a very real service for the State of Washington. There are similar institutes in other States. Those of us in this sort of academic work cooperate extensively since labor problems continually cross State boundaries. In most of the work that we do, we are dependent upon the statistical basis supplied by the Bureau of Labor Statistics of the United States Department of Labor. That Bureau is the only agency in the United States which can possibly accumulate the data upon which so many of the necessary research is built.

Among the programs now conducted by the Bureau are statistical series on national employment, labor requirements, prices, wage studies, collective-bargaining studies, labor productivity research and information on foreign labor conditions. If the Bureau's budget is actually cut, most of these will be discontinued or so greatly restricted as to render them virtually useless. Without this statistical material, such organizations as this institute will be critically handicapped. The Bureau has gathered the figures, and agencies such as this one at the university have done most of the analytical work. I am trying to show you that the curtailment of the Bureau activities will bear repercussions outside of Washington, which will prove almost fatal to the progress of the research which is so badly needed. I urge you to do whatever is possible to help bring about a restoration of the budget of the Bureau of Labor Statistics.

LETTER FROM BORDEN'S

The next is from Borden's over the signature of E. G. Quesnel, director of safety. The following appears in that letter:

Accidents still represent a tremendous economic loss and one which directly affects every citizen. You will note by the attached chart the tremendous losses caused by accidents for the years 1943, 1944, and 1945, also the reduction that has been accomplished by organized safety effort encouraged by the Division of Labor Standards.

I would like to have that letter inserted in the record.

Senator KNOWLAND. It will be inserted.

(The letter referred to is as follows:)

BORDEN'S,

New York 17, N. Y., March 7, 1947.

Senator P. McCARRAN,

Washington, D. C.

DEAR SIR: I hope you will give favorable consideration to the appropriation for safety and health which is included in the budget requested by the United States Department of Labor, Bureau of Labor Standards.

I have been a member of the Department's Advisory Committee of Safety and Health for the past several years. I feel that the work they are doing to promote this important safety activity through the various State departments of labor is most essential.

Accidents still represent a tremendous economic loss and one which directly affects every citizen. You will note by the attached chart the tremendous losses caused by accidents for the years 1943, 1944, and 1945, also the reduction that has been accomplished by organized safety effort encouraged by the Bureau of Labor Standards.

It is interesting to note that 70 percent of the industries of this country do not yet enjoy the benefits of organized safety. The reason for this is that these plants are small and can only be reached through the activities of the local State labor departments. This group of plants need more help, and it is the desire of the Department of Labor to do everything possible to help them by working with the local State labor departments.

Respectfully,

E. G. QUESNEL,
Director of Safety.

LETTER FROM LIBRARIAN, UNIVERSITY OF CALIFORNIA

Senator McCARRAN. On the letterhead of the University of California over the signature of John E. Smith, librarian, there is this letter in which he says as follows:

The services of the bureau to employers' organizations and to trade-unions are a significant factor in reducing discord and dissension, in that factual and objective reports and statistics are made available. To discontinue at this time any governmental activity which can contribute positively to industrial peace will be short-sighted and costly.

I would like to have that inserted in the record.

Senator KNOWLAND. It will be inserted.

(The letter referred to is as follows:)

UNIVERSITY OF CALIFORNIA, April 1, 1947.

HON. PAT McCARRAN,

United States Senate, Washington 25, D. C.

DEAR SENATOR McCARRAN: I have received today a notice from the Bureau of Labor Statistics concerning the curtailment of its services under the proposed budget cut of approximately 60 percent, which passed the House of Representatives on March 25.

It is my understanding that a subcommittee of the Senate Committee on Appropriations, of which you are a member, will consider this measure very soon.

As librarian for an active economic research organization in a major university, I am in a particularly advantageous position to judge the uses and functions of the reports and services of the Bureau of Labor Statistics. I cannot find words to represent strongly enough my deep concern over the consequences of this so-called economy. The work of the Bureau of Labor Statistics is basic to the economic research of thousands of organizations, public and private. The statistical indexes in the fields of employment, prices, labor turn-over, wage scales, construction activity, industrial accidents, and labor disputes, as well as the special reports of the Industrial Relations Division and the Productivity and Technological Development Division, are a sine qua non of a large part of any economic research program.

The services of the Bureau to employers' organizations and to trade-unions are a significant factor in reducing discord and dissension, in that factual and objective reports and statistics are made available. To discontinue at this time any governmental activity which can contribute positively to industrial peace will be short-sighted and costly.

I therefore respectfully urge your serious consideration of the necessity for continuing the Bureau of Labor Statistics at full strength; a restitution of the original budget request of the Bureau will prove the most economical step, in fact, that the Senate committee could take.

Most sincerely,

JOHN E. SMITH, *Librarian.*

LETTER FROM DEAN OF SCHOOL OF BUSINESS ADMINISTRATION, MONTANA STATE UNIVERSITY

Senator McCARRAN. One other letterhead, that of Montana State University, over the signature of Theodore H. Smith, dean of the school of business administration, which is as follows:

As a subscriber to free enterprise, I feel that in order to make our system work and succeed, we must have available basic statistical data relative to the same.

He is speaking there of the reduction by the House of the Bureau of Labor Statistics. I would like to have that placed in the record.

Senator KNOWLAND. It may go in the record.

(The letter referred to is as follows:)

MONTANA STATE UNIVERSITY,
Missoula, Mont., April 7, 1947.

HON. PAT MCCARRAN.

United States Senate, Washington, D. C.

MY DEAR SENATOR MCCARRAN: The recommendation of the House of Representatives to reduce the appropriation of the Bureau of Labor Statistics by about 60 percent prompts this letter.

Some of the old-line agencies and departments such as the Bureau of Labor Statistics have and are gathering, tabulating, and interpreting statistics of marked value to businessmen and those of us in academic centers who are seeking to interpret short- and long-term economic trends.

As a subscriber to free enterprise, I feel that in order to make our system work and succeed, we must have available basic statistical data relative to—

(a) Cost-of-living studies (with shifting prices, these should be frequent and timely).

(b) Raw material and commodity prices.

(c) Housing statistics (local as well as national).

(d) Industry wage studies.

(e) Productivity and unit labor cost indexes.

(f) Occupational outlook studies.

(g) Unemployment—seasonal and technological reasons.

(h) Foreign labor conditions—particularly as they affect various interests in the United States.

Any arbitrary budgetary cut undermining studies of this character invites a return to an economy guided by hunch and not what I care to regard as a free enterprise system guided and aided by significant and important statistical data.

I hope that the Senate and House Budget Committees will carefully evaluate the services of the Bureau of Labor Statistics and be guided by the long-run needs of the Nation.

Sincerely yours,

THEODORE H. SMITH,
Dean, School of Business Administration.

ADDITIONAL COMMUNICATIONS ON LABOR DEPARTMENT ITEMS

Senator KNOWLAND. The chairman has a number of letters and telegrams that he will put in the record at this time.

I merely wish to point out that, of course, a great number of communications have come in, and we cannot put them all into the record without cluttering it up, but these are representative of the various ones that have come in.

(The letters and telegrams referred to are as follows:)

IDAHO STATE FEDERATION OF LABOR,
Boise, Idaho, April 4, 1947.

Senator HENRY C. DWORSHAK.

Senate Office Building, Washington, D. C.

DEAR SENATOR DWORSHAK: We have been viewing with considerable alarm the recent stories in our local newspapers concerning reductions made by the House of Representatives in the United States Department of Labor appropriation. Since the Senate will be considering the bill shortly, we should like to make our position known to you.

We fully understand the need for economy in government, but we feel that the reductions made in the Department of Labor's appropriation will, if allowed to stand, prove to be false economy and detrimental to the best interest of the workers of our country.

The United States Employment Service, for example, has been cut from approximately \$3,800,000 which they requested, to \$900,000. This, we believe, is considerably below the amount given them in about 1939. In Idaho, Senator, we have a very fine State employment service. It fills a real need in the State, and we want to keep it but only if it continues to operate in an efficient manner. We know that unless the United States Employment Service is given funds sufficient to discharge its responsibilities under the Wagner-Peyser Act and the GI bill, it will not be long before State services such as our own will deteriorate in value and increase in cost of operation. Forty-eight State services cannot individually do the research necessary to continually develop the ways of improving the employment service as economically as the United States Employment Service where much of this research is carried on or correlated now. Aside from other considerations, it seems to us that their request for \$3,800,000 is entirely reasonable and is a good investment in seeing that the \$72,000,000 which is to be given to the States is spent for the things for which it is intended.

We have checked sufficiently to know that several of the jobs which the United States Employment Service is responsible for would have to be eliminated if the \$900,000 amount stands. One of these is the national clearance system whereby workers can find jobs in other localities and employers can get workers that are not available in the employer's locality. Many of our members as well as others have certainly benefitted through this system.

Being from Idaho you can appreciate the difficulty we sometimes encounter in working with Federal agencies when we must always deal with a Washington, D. C., office. The distance itself is a handicap plus the fact that too often Washington representatives are not sufficiently acquainted with our western problems. The House action on the United States Employment Service, we understand, recommends elimination of its regional offices. This is a mistake and illustrates the false economy which we have already mentioned. The maintenance of a national system of public employment service offices which is by law a responsibility of the United States Employment Service cannot be adequately effected without regional offices no more than the American Federation of Labor can operate without is equivalent of regional offices. We are sure that the great bulk of the States' relations with the United States Employment Service can be more adequately and intelligently handled through regional offices than by having to deal wholly with one national office.

Many of our members as well as sons and daughters of our members are veterans of the last war. By law the United States Employment Service and the Veterans' Employment Service, whose appropriation was also substantially reduced by House action, are responsible for insuring that the State service maintain a good placement service for these veterans as well as a counseling service to assist them in selecting their future careers. This job is being accomplished in a satisfactory manner at the present. We are afraid, however, if funds are curtailed this service will be adversely affected.

We understand also that the Bureau of Labor Statistics and the Bureau of Labor Standards are being seriously cut by the action of the House. We could advance many arguments but we believe it sufficient to point out that cuts in these departments, in our opinion, are also detrimental to the best interests of labor.

If we have not made our position clear and you desire additional information, we will be happy to furnish it upon your request.

After your careful and deliberate consideration we are sure you will agree that the House action is far too severe. We urge every consideration of the problem and restoration of the requested appropriation. We should like to request also, Senator, that our letter be placed in the record.

Sincerely,

LEONARD HALL,
Secretary-Treasurer, Idaho State Federation of Labor.

LOCAL CARTAGE NATIONAL CONFERENCE,
Washington, D. C., April 7, 1947.

Subject: Appropriations—Labor.

Hon. WILLIAM F. KNOWLAND,
Senate Office Building, Washington, D. C.

DEAR SENATOR: Again thank you for taking time out to see us today. Following are some of the facts as we see them concerning the National Trucking Commission and the work it does in the labor field and the probable damage

that would result from elimination of this small item in the appropriation for the Labor Department.

As we told you, our work is concerned with mediation and voluntary arbitration of renewals of labor contracts for any part of the trucking industry which may voluntarily submit such a dispute to us. As we also told you, there is now before us for arbitration the California contract which may involve more than 25,000 people over the whole State. A few months ago we arbitrated the contract for New Hampshire and avoided a strike.

Perhaps it would be helpful to note General Order 18 of the Department of Labor attached. This order sets out the scope of our activity and its personnel. Of the three persons named, only Jay Oliver receives any compensation or expense money from the Government; my expense is borne by the industry and Mr. Tobin's expense is borne by the International Brotherhood of Teamsters, who have jurisdiction over the greatest percent of trucking-industry employees.

When the days of the War Labor Board drew to a close this conference entered into discussion with the I. B. of T. concerning some media that might take the place of the Trucking Commission of the WLB and which had done much to prevent work stoppages throughout the war. The National Trucking Commission was established as a result of such discussion and during its short life has handled some 40 arbitration cases involving some 62,000 employees in various parts of the country at a total cost to the Government of \$11,435, divided in the following: Salary of chairman, \$7,329; salary of secretary, \$2,544; and travel, \$1,521, or an average cost per case of about \$290.

Please note, unlike some Government agencies, these figures are not a build-up. We have taken no credit for our informal conciliation service or other work that involved numerous employees. Nearly all cases were outside of Washington and involving the number of employees set out.

We also enclose a copy of our statement being mailed today to all members of the Appropriations Committee. Briefly, we set out some of the larger cases handled and also a brief mention of the favorable comment received in the national publications concerning this field of endeavor. We firmly believe this commission will set the pace for other industries—if not, indeed, a pattern. We also believe that this work is only in its infancy, and this commission pattern—with possible alterations—will continue to grow, and as economic factors change will take on an increasingly heavier load of work.

To conserve your time we will summarize by saying:

1. Our conference, representing perhaps the greatest number of employees of any element of the industry, doing the local transportation within the cities of this country (Draymen's Association of San Francisco, for example), has endorsed the National Trucking Commission (see enclosed letter of the Cartage Exchange of Chicago to Hon. Louis B. Schwellenbach, Secretary of Labor).

2. To eliminate an allowance in the Labor Department appropriation that would cause a dissolution of this commission would do irreparable harm at this time and probably lead to many strikes or work stoppages in this important part of the Nation's transportation system.

3. Please reinstate an item in the allowance to cover this semi-independent agency in the Conciliation Service that has a definite showing of results in the settlement of labor disputes arising over renegotiation of contracts.

Sincerely,

LOCAL CARTAGE NATIONAL CONFERENCE,
F. H. FLOYD, *Executive Secretary*.

NEW YORK, N. Y., April 4, 1947.

Hon. WILLIAM F. KNOWLAND,

*Chairman Subcommittee of Labor Appropriations of
the Senate Appropriations Committee, Senate Office Building:*

In behalf of representatives of over 1,800 concerns and of 50,000 workers in the women's coat and suit industry throughout the country, we respectfully urge the restoration of the full amount of the drastic cut made by the House of Representatives in the Budget of the Bureau of Labor Statistics of the United States Department of Labor. We regard the work of this agency in compiling objective statistical data and information on wages. Employment, cost, of living prices and related matters as most important in connection with collective bargaining and indispensable in the intelligent formulation of industrial and Government policies. It is our sincere hope that your committee will approve a

budget for the Bureau of Labor Statistics which will enable it to maintain its essential activities and high standard of service.

LEGAL AND LEGISLATIVE COMMITTEE OF
THE NATIONAL COAT AND SUIT INDUSTRY RECOVERY
BOARD, NEW YORK, N. Y.

HELENA, MONT., March 28, 1947.

Senator WILLIAM F. KNOWLAND,

United States Senate Office Building, Washington, D. C.:

We are advised your committee now has under consideration House appropriation bill for Department of Labor and Federal Security Administration, affecting this Department, and that allowance for USES has been reduced in measure from some \$6,000,000 to approximately \$900,000, and Bureau of Labor Statistics in similar fashion. Due to distance our information sketchy, and we can appreciate sincere necessity for economy. Also, this Commission has complained about unnecessary and arbitrary regulations of Federal agencies for 10 long years without much result. We do think, however, in this instance cut made by House is too severe and would hardly allow USES to function. It would mean elimination of our joint statistical program in Montana, and would appear to mean elimination all regional offices USES. We have very fine regional office in Rocky Mountain area in many ways helpful to State offices. If all our negotiations were immediately transferred to Washington and placed in hands of officials, many of whom have never been west of Chicago, it would add to our cost and difficulties. Also, even if this is to be done we think it advisable to move slowly in interest sound administration. We sincerely hope your committee can restore very substantial portion cut made this section of bill. In thinly populated Montana we are disbursing about \$9,000,000 a year, mostly veterans readjustment allowance funds, and administrative reductions coming too suddenly cause confusion and prove not true economy in long run.

Respectfully,

BARCLAY CRAIGHEAD,

Chairman, Unemployment Compensation Commission of Montana.

RALEIGH, N. C., March 27, 1947.

Senator WILLIAM F. KNOWLAND,

*Chairman, Subcommittee on Labor-Federal Security Appropriations,
United States Senate:*

Slash in United States Employment Service budget as passed by House of Representatives would eliminate regional office and all technical assistance to the State by the United States Employment Service. Employment services in all States will be seriously damaged without technical assistance such as maintenance of occupational dictionary, occupational information, industrial studies, and selection tools. States at a distance from Washington should have benefit of regional office assistance. Respectfully urge restoration of sufficient funds to provide for the necessary technical assistance to the States and for the necessary regional office.

UNEMPLOYMENT COMPENSATION COMMISSION,
HENRY E. KENDALL, *Chairman.*

LOS ANGELES, CALIF., April 3, 1947.

Senator WILLIAM F. KNOWLAND,

*Chairman of Subcommittee on Labor-Federal Security Agency Bill,
Senatorial Post Office, Washington, D. C.:*

Concerned with slash of United States Public Health Service appropriations for National Mental Health Act bill, H. R. 2700. Pressing need for training and research. Expanding psychiatric facilities in community hospitals only through Federal grants to State. Present services in California entirely inadequate. Urge your committee's support restoration of original budget.

THE LOS ANGELES SOCIETY OF NEUROLOGY AND PSYCHIATRY,
Dr. R. B. RANEY, *Secretary.*

NATIONAL CHILD LABOR COMMITTEE,
New York 16, N. Y., March 31, 1947.

HON. WILLIAM F. KNOWLAND,
Chairman, Subcommittee, Federal Security and Labor,
United States Senate, Washington, D. C.

DEAR SENATOR KNOWLAND: Because of our genuine concern about the action taken by the House of Representatives on the appropriation for the child labor and youth employment work of the Federal Government, I am taking the liberty of calling the following facts to your attention:

1. The appropriation for child labor and youth employment work was not increased during the war years. Last year's appropriation of \$301,761 was actually less than the \$312,720 appropriated for this work in 1939-40, although more than twice as many boys and girls under 18 years are now employed as were in 1940. To cut this appropriation in half, as proposed by the House of Representatives, would mean reducing the appropriation (in terms of per capita per minor employed) from 31 cents in 1940 to 13 cents in 1947—and this amount is actually lower, in terms of service, because of the increase in costs for travel, salaries, etc., that have taken place during this period.

2. The transfer of the child labor work to the Wage-Hour Division would seem to be unwise.

When the Children's Bureau was transferred to the Social Security Agency last summer, we urged that the child labor activities be kept intact as a unit and placed in the Division of Labor Standards. The Wage and Hour Division is primarily a law-enforcement agency. The child labor work now carried on by the Child Labor and Youth Employment Branch goes far beyond enforcement of the child labor provisions of the Fair Labor Standards Act. It involves research, advisory, and consultant services to the States, and development of standards not only to prevent exploitation of children but to promote suitable work opportunities for older young people. This phase of child labor work—which is of increasing importance in the postwar years—might become an incidental function if the work were transferred to an agency whose primary function is law enforcement.

3. There is no provision in the Appropriation Act, as passed by the House of Representatives, to keep the child labor work as a unit in the Wage and Hour Division, nor to transfer to that Division the highly experienced personnel now employed by the Child Labor and Youth Employment Branch.

The National Child Labor Committee has worked closely with the Child Labor and Youth Employment Branch and has been impressed by the high caliber of personnel employed and by the devotion of the staff to their work. Not one of them is a mere "jobholder"—but without exception they are an earnest, hard-working group whose only interest is in the development of child labor standards and good work opportunities for our boys and girls.

We, therefore, very respectfully urge that the Senate committee give serious consideration to this part of the appropriation bill. We hope that the full appropriation for child labor and youth employment activities will be restored, and that this work will be kept intact as a Unit, preferably in the Division of Labor Standards, which we would like to see continued because of its important work in labor standards generally.

Very sincerely yours,

GERTRUDE FOLKS ZIMAND,
Mrs. Gertrude Folks Zimand,
General Secretary.

TILE COUNCIL OF AMERICA,
New York 16, N. Y., February 25, 1947.

The Honorable WILLIAM B. KNOWLAND,
Chairman, Labor-Federal Security Subcommittee,
Senate Appropriations Committee, Senate Office Building,
Washington 25, D. C.

DEAR SIR: On behalf of the members of the Tile Council, I should like to express to you and your committee our sincere appreciation for the very great assistance that the Apprentice Training Service of the Department of Labor has rendered our industry and the entire construction industry.

Sustained prosperity for the United States must be based in large part on a healthy private construction industry both to provide the employment of large numbers of people in private industry and to make possible the effective construction, by private industry rather than by Government, of the homes and other buildings so vitally needed by the American people. To achieve a healthy private construction industry, new men must be attracted into skilled construction jobs, and adequate training must be provided for them. The Apprentice Training Service has amply demonstrated its capabilities for doing this essential work.

We can cite our own case as an example. Ours is a small industry, and our member companies are scattered throughout the country. We distribute our tile into every sizable locality in the Nation, where it is sold by tile contractors and installed by skilled tile setters.

The nature of our business is such that we have virtually no means of working directly with all these various trade factories, in all these communities, on the very urgent problem of apprentice training for tile setting. Through the Tile Council we have undertaken to be of as much service as possible, but as you can appreciate, the job of covering the Nation continually on such a program is of too great a magnitude for us to accomplish alone.

The various field representatives and the executive personnel of the Apprentice Service have been of great assistance to us in this program. They have helped stimulate local contractors, unions, school authorities, and individuals to formulate and carry out local apprentice training programs.

This work, for the tile industry, and for the entire construction industry, has just begun to bear real fruits. It will be of ever-increasing importance as the Nation's construction program gains speed and volume.

We therefore wish to go on record with your committee as being deeply grateful for the willing and expert help of the Apprentice Training Service, and opposing any action which will interfere with its efficiency.

Respectfully yours,

D. PARRY FORST, *Chairman.*

NATIONAL ASSOCIATION OF MOTOR BUS OPERATORS,
Washington 6, D. C., April 2, 1947.

The Honorable WILLIAM F. KNOWLAND,
United States Senate, Washington, D. C.

DEAR SENATOR KNOWLAND: As the national trade association for the intercity-bus industry, this organization makes extensive use of the information on employment, pay rolls, prices, and wages compiled by the Bureau of Labor Statistics of the Department of Labor. Summaries of these materials are supplied to our membership and are extremely important to them in their day-to-day operations.

A very substantial reduction in the proposed appropriation for the Bureau was contained in the bill recently passed by the House, which, I understand, is now pending before the Senate Appropriations Committee.

This association, of course, is in favor of every possible economy in Government expenditures, but we wish to express the sincere hope that the reduction in the appropriations for the Bureau of Labor Statistics will not be such as to eliminate these essential statistical services, which are obtainable from no other source and upon which we so greatly rely.

Our association and its members will deeply appreciate your earnest consideration of this matter.

Very sincerely yours,

JACK GARRETT SCOTT,
General Counsel.

ASSOCIATED TRANSPORT, INC.,
New York City, April 2, 1947.

Senator WILLIAM F. KNOWLAND,
Chairman, Senate Appropriations Subcommittee,
Washington, D. C.

DEAR SENATOR KNOWLAND: Those of us who (1) are not politicians nor in any way associated with them as such, (2) are in no way connected with the Government or its activities, (3) sincerely believe in eliminating every penny of un-

necessary Government expenditures, (4) are vitally interested in the employment of men and women, properly allocated, (5) believe that certain departments must be retained if we hope to progress rather than enter and aid and encourage a tremendous depression, (6) are familiar with the departments as they functioned in Washington from contacts made during our residence there during the war years, believe that it would be just as untenable to curtail the United States Employment Service direction as it would be for industry to curtail a sales and advertising force during prosperous years.

I just cannot conceive of intelligent representatives of the people cutting USES appropriation 77 percent.

Won't you please use your influence and good office to try to have Congress, as a whole, use some judgment and retain the major part or at least the directing force of this Service which has been so advantageous during the past years.

Unemployment is certainly a national problem. Constructive legislation assisting the properly allocation of employment of men and women, together with the elimination of such demands which prevent a person from obtaining a job unless they pay tribute, would be worth-while legislation.

Sincerely yours,

C. A. WEYMOUTH.

NATIONAL FEDERATION OF SETTLEMENTS, INC.,
New York 9, N. Y., April 2, 1947.

Senator WILLIAM F. KNOWLAND,
Subcommittee, Federal Security and Labor,
Senate Office Building, Washington, D. C.

MY DEAR MR. KNOWLAND: I should like to draw to your attention the attached letter, which was also sent to Representative John Taber, chairman of the House Appropriations Committee. If the amount of \$154,097 which the House approved for the child labor work of the Wage and Hour Division is not increased to the full amount of \$301,761 appropriated for this year the work will be most seriously hampered. I urge, therefore, your consideration of the full appropriation.

Very sincerely yours,

LILLIE M. PECK,
Executive Secretary.

NATIONAL FEDERATION OF SETTLEMENTS, INC.,
New York 9, N. Y., February 25, 1947.

Representative FRANK B. KEEFE,
Chairman, Subcommittee on Labor Department Appropriations,
House Office Building, Washington, D. C.

MY DEAR MR. KEEFE: The National Federation of Settlements and its member houses with many years of experience of work with families in industrial neighborhoods has long been concerned with the protection of women and children in industry.

We, therefore, view with concern the possibility of reductions in the budget of the United States Department of Labor which would eliminate the Women's Bureau and the Division of Labor Standards, which includes the child labor unit. We feel that such action would seriously jeopardize any effective work in investigations of violations of the child labor laws.

The work of these divisions of the Department of Labor has been particularly important where State laws fall below the Federal standards.

We wish to go on record as urging that appropriations for the Women's Bureau and the Division of Labor Standards should not be so drastically reduced that this work will be eliminated or be ineffective.

Very sincerely yours,

LILLIE M. PECK,
Executive Secretary.

SAMUEL Z. LEVINE, M. D.

NEW YORK 21, N. Y.

APRIL 8, 1947.

The CHAIRMAN, SENATE APPROPRIATIONS COMMITTEE,
United States Senate, Washington, D. C.

My DEAR MR. CHAIRMAN: I most strongly urge:

1. That the full amount, \$301,761, appropriated for child-labor work this year (1946-47) be granted for next year (1947-48); and

2. That the Division of Labor Standards be continued with its full functions, including the Child Labor and Youth Employment Branch,

in order to continue the child-labor work of the Federal Government which has been so ably developed in this field.

Sincerely yours,

S. Z. LEVINE, M. D.,

Professor of Pediatrics, Cornell University Medical College.

[Telegram]

HOUSTON, TEX., April 5, 1947.

Hon. TOM CONNALLY,

United States Senate, Washington, D. C.

Appropriation for Veterans' Employment Service materially cut by House action last week. Understand this now goes to Senate, where we of the Amvets of Houston would appreciate your support and influence in order that employment interest of veterans throughout Nation be safeguarded.

District Commander ICR STONE.

JEWISH VOCATIONAL SERVICE,
Cleveland 15, Ohio, April 7, 1947.

The SENATE APPROPRIATIONS COMMITTEE,
Washington, D. C.

GENTLEMEN: At its regularly scheduled staff meeting on April 4, 1947, the 15 members of the staff of this community-sponsored vocational-guidance agency resolved to communicate with your committee in order to express our concern about the imminent cuts in the program of the various departments of the United States Department of Labor.

We are particularly concerned with the effects of the reduction in work of the United States Employment Service. The Occupational Analysis material and the Labor Market Reports regularly published by the United States Employment Service have become an essential tool in the vocational guidance of young people. We would sorely miss the continued development of these techniques.

Respectfully,

SIDNEY LEWINE, *Executive Director.*

B'NAI B'RITH VOCATIONAL SERVICE BUREAU, DISTRICT No. 6,
Chicago 2, Ill., April 7, 1947.

THE SENATE APPROPRIATIONS COMMITTEE,
Washington, D. C.

GENTLEMEN: This agency is deeply concerned to learn of the reported cut of 44 percent in the budget of the United States Department of Labor in the House of Representatives.

We sincerely feel if this action is sustained by Congress it will seriously affect the postwar occupational readjustment of thousands of veterans. We urge that Congress keep faith with our veterans and ex-war workers by providing the Department of Labor with sufficient funds to maintain the effectiveness of their function.

Sincerely,

NORMA R. NISSENSON, *Director.*

INSTITUTE OF LABOR ECONOMICS,
UNIVERSITY OF WASHINGTON,
Seattle 5, Wash., April 1, 1947.

Senator PAT McCARRAN.

Senate Office Building, Washington, D. C.

DEAR SENATOR McCARRAN: The newspapers have reported that the House of Representatives, in its appropriation for the Bureau of Labor Statistics, has provided for a 60-percent cut. It is my understanding from the papers that the House action will now be considered before the Labor Appropriations Subcommittee, of which you are a member.

My interest in this arises from the fact that this institute is engaged in research in the field of labor economics, which, we believe, performs a very real service for the State of Washington. There are similar institutes in other States. Those of us in this sort of academic work cooperate extensively, since labor problems continually cross State boundaries. In most of the work that we do, we are dependent upon the statistical basis supplied by the Bureau of Labor Statistics of the United States Department of Labor. That Bureau is the only agency in the United States which can possibly accumulate the data upon which so much of the necessary research is built.

Among the programs now conducted by the Bureau are statistical series on national employment, labor requirements, prices, wage studies, collective-bargaining studies, labor-productivity research, and information on foreign labor conditions. If the Bureau's budget is actually cut, most of these will be discontinued or so greatly restricted as to render them virtually useless. Without this statistical material, such organizations as this institute will be critically handicapped. The Bureau has gathered the figures, and agencies such as this one at the university have done most of the analytical work. I am trying to show you that the curtailment of the Bureau activities will bear repercussions outside of Washington, which will prove almost fatal to the progress of the research which is so badly needed. I urge you to do whatever is possible to help bring about a restoration of the budget of the Bureau of Labor Statistics.

Very truly yours,

WILLIAM S. HOPKINS, *Director.*

Senator KNOWLAND. If there are no further questions of Senator Myers, thank you, Senator.

Senator MYERS. Thank you.

Senator KNOWLAND. The committee will recess until 2:30 this afternoon.

AFTERNOON SESSION

The committee reconvened at the expiration of the recess at 2:30 p. m., Senator Knowland presiding.

Senator KNOWLAND. The hour of 2:30 having arrived, the committee will come to order. The first witness this afternoon is Mr. James B. Carey, secretary-treasurer of the CIO. Is Mr. Carey in the room?

STATEMENT OF JAMES B. CAREY, SECRETARY-TREASURER, CIO

POSITION OF CIO ON HOUSE CUTS IN APPROPRIATIONS OF FEDERAL AGENCIES DEALING WITH LABOR

Mr. CAREY. By cutting funds for New Deal programs by huge sums ranging up to 80 percent, the Republicans in the House of Representatives have attempted to kill the progressive program put into effect under President Roosevelt. This backward step is contrary to the will of the people. Many are not aware that the Republicans are on the verge of undoing the reforms enacted in the years beginning 1933. But if they, if the Americans, are not fully aroused to this danger

today, they will understand the issues clearly by 1948. Senator Morse, as a Republican, has already stated:

If we make very many mistakes like those we are making in regard to labor-service appropriations, I will have a hard time in 1948 in trying to convince a labor audience why it should vote for the Republican Party.

REQUEST RESTORATIONS TO FULL AMOUNTS ASKED BY THE PRESIDENT

President Truman submitted a modest budget request for the United States Department of Labor, the National Labor Relations Board, and the Federal Security Agency. In an effort for economy, his request was considerably lower than what the agencies wanted. The total he asked for was too little rather than too much. We strongly urge that the Senate grant the total amount outlined by the President for these agencies, and also for the Railroad Retirement Board and the National Mediation Board.

The murderous cuts made by the House mean waste, not economy. The Nation will lose far more in dollars as a result of the services that are slashed than will be saved on paper, and under the tax bill of the House Republicans, even these alleged savings will benefit huge taxpayers, not the man on the street.

Capitol Hill rumor has it that the slashes for these labor agencies will be followed by 40 percent slashes for other departments of the Government. This is a reckless program aimed at bringing back the situation in the 1920's when business ran amuck, when vast private fortunes were built up without regard for the welfare of the masses, when investors and consumers as well as labor and the farmers were milked, and when the Nation was led headlong into a depression which spread throughout the world and resulted in Nazism and in war.

Disgusted with the blindness and false economy measures of Hoover, American farmers, workers, small businessmen, and the middle class combined in 1932 to elect Congressmen and a President who believed in a New Deal. Now, the measures enacted by popular demand are being slaughtered.

One of the foremost principles sponsored by Roosevelt was that workers are entitled to decent wages, and that their purchasing power provides income for farmers and keeps the wheels of industry and trade in motion. Collective bargaining was considered an essential method of raising wages, and so the National Labor Relations Act was passed to prevent the crushing of unions by spies and firing and fear. It also furnished machinery through which workers could choose union representatives democratically, as they do in political elections. The Wages and Hours Act was passed to end child labor and starvation wages in interstate commerce and to promote more jobs by preventing over-long hours.

Surely, the great majority of the American people still believe in these principles and measures. Yet, the House of Representatives has actually passed bills which will end their proper enforcement.

EFFECT OF PREVIOUS CUT

The National Labor Relations Board has already been suffering from insufficient funds. Over a fourth of its staff had to be laid off last year when appropriations were cut, so only 725 remain to handle many

thousands of cases throughout the Nation. The backlog of cases is now about 5,400, and growing steadily. The time required to handle an election case, if it is contested, has risen from 3 to 9 months. When a union complains today that its members have been fired unfairly or that the employer has refused to bargain, a decision under present conditions cannot be handed down until January 1949. That is the average situation with the present budget.

However, if the House appropriations cut is passed, the National Labor Relations Board will be forced to fire at least 50 more employees, so delays will be greater. Employers know well that even if they are found guilty of antiunion activities, 2 years from now, the complaining unions cannot easily be raised from the dead after such an interval. The sum of not quite \$8,000,000 requested by President Truman amounts to only 50 cents for every union member in the country, and is surely a modest amount for an agency which has, through its elections, prevented countless strikes.

The 40-cent minimum hourly wage set by the Wages and Hours Act is intended to protect the millions of helpless unorganized workers who do not have unions. This minimum also protects organized plants from sweat-shop competition. Low as this wage is, constant inspection is needed in certain types of establishments to uncover violations and to collect back pay for the Nation's lowest-paid wage earners.

The staff of the Wage and Hour Division is already small enough but its budget has been cut 25 percent by the House. Each covered establishment will be inspected only once every 16 years on the average instead of every 12 years as at present.

At the same time through the distorted portal-to-portal bill the time in which the workers can sue for back pay is cut to 2 years so that employers can readily gamble that the inspectors will not come around in time to help underpaid workers collect what is due them. Funds for enforcement of the child labor provisions are cut even more, to a scant \$35,819 for the entire country.

Even if the National Labor Relations Act and the Wages and Hours Act remain in effect in form, they will have no substance if these budget cuts become law:

SOCIAL SECURITY SYSTEM

The Social Security system is likewise hit hard, even if not so fatally. This system has provided basic protection against the hazards of old age, death, and unemployment. It was fought bitterly by anti-New Dealers, but now it is generally accepted.

Labor, the Administration, and others have sought improvements in the program to provide more adequate benefits, to cover more people, and to provide health insurance. Labor has opposed the split of unemployment compensation into 51 separate State systems which have been slow to improve benefits, and which have disqualified many workers.

Now, instead of improving the Social Security system, the House has damaged it through budget slashes. The Bureau of Research and Statistics is cut by one-fourth or more, yet this is the Bureau which has the responsibility of exploring methods of improving the Social Security system through better methods of finance, and through insurance against sickness and the cost of medical care. Surely, its present staff of 68 should be enlarged, not slashed.

Such a blow at the point where progress may be promoted indicates only too clearly that the Republicans have no intention of carrying out the people's demands for a better social-security system.

A cut of perhaps a third has been made in funds for information work on social security, even though studies show that many Americans still do not claim promptly the benefits due them. For example, nearly one-sixth of the benefits claims under the old-age and survivors insurance program are filed late because of lack of knowledge. Under the cut, the Labor Information Service, which gives our unions facts on social security, would be abolished.

BUREAU OF UNEMPLOYMENT SECURITY

Equally serious is a similar cut in the funds requested for operation of the Bureau of Employment Security, which is responsible for supervising the administration of the State unemployment laws. In the past, the Bureau has furnished information on the State laws and has made pertinent studies of problems involved in improving State administration and State laws.

The House committee report recommended that the Bureau should minimize its activities in supervising State administration. Thus, the result will be further than ever from the unified national system which all branches of labor have long supported to provide proper protection for all employees.

A similar trend toward turning over funds to the States without proper Federal supervision is shown by the cut of 20 percent in the administrative salaries and expenses of the maternal and child welfare program of the Children's Bureau, and in the 80-percent cut in funds for appropriations of the United States Employment Service. There is no economy in such moves.

UNITED STATES EMPLOYMENT SERVICE

In the case of the United States Employment Service, the effect is to prevent any real enforcement of national standards for efficient functioning and to make impossible proper distribution of information on job openings in other States. While some States can be expected to do a good job of running employment offices, others, unfortunately, do not have the respect of either wage earners or employers, and let themselves be used for discrimination against Negroes and other minority groups. Only a unified national system can really provide proper service. This cut in funds means that millions of dollars will be given by the National Government to some States which fail miserably to do their part in helping employers find workers, and workers find jobs.

DIVISION OF LABOR STANDARDS

In the field of safety, the slash is even more drastic, unlikely as that may seem. The Division of Labor Standards of the United States Department of Labor is abolished, ending the work of the Federal Government to promote safety outside of the mines, and to promote better labor and workmen's compensation laws in the States, as well as effective training of State factory and safety inspectors. Yet, 2,000,000 wage earners are injured on the job each year, and 16,000

killed, with an estimated loss to life and industry of three and a half billion dollars. Surely the sum of far less than a million dollars requested for the Division is a national saving when viewed properly, not as an expense.

This sum included \$100,000 for labor extension work, a very modest amount compared to what is granted to agricultural extension work. Yet, only two-thirds of this was voted by the House, and its administration was transferred to the Bureau of Labor Statistics, where it does not belong. The Division of Labor Standards has long cooperated with the State labor departments, and its skilled personnel and experience should be retained with adequate funds.

WOMEN'S BUREAU

The Women's Bureau was the only part of the Department of Labor spared from tremendous slashes, and we hope the Senate will grant the full amount needed for this valuable agency.

Full employment is another principle for which the New Deal stood, and for which the American people have shown continued support. In addition to the damage that will be done by the cuts in the United States Employment Service, the House will put an end to cooperation between the Bureau of Labor Statistics and the States in providing information on employment by localities. Already, there is growing unemployment in certain sections, and we need to know where this is. If a depression comes soon, the Nation will be very seriously handicapped in dealing with it because it will not know how many there are jobless and where they are. If similar cuts are made in the Research Division of the Department of Commerce and other agencies, the situation will be even more serious.

During the 1930's, the Nation lost at least \$300,000,000,000 because we failed to have full employment. We lose \$3,000 to \$4,000 in output for every person who is unemployed for a year. If 5,000 workers are needlessly jobless next year because of the cuts in the United States Employment Service, in the Bureau of Labor Statistics, and so forth, the loss in the Nation's output will be fifteen to twenty million dollars, or as much as the total cuts made by the House in the budgets of the Department of Labor and the National Labor Relations Board. Yet, obviously, many thousands more workers will be without jobs as a result.

World peace as well as domestic prosperity are affected by the budget slashes. We are the most powerful country on earth, and our future well-being depends upon cooperation with other nations and upon world trade.

It is folly to cut budgets 40 percent without regard to the effect on our world position and on world peace. In this particular appropriation bill, severe cuts are imposed on the work of the United States Department of Labor in the international field. As a result, no money will be available, for example, on labor conditions in other countries. Nor will there be funds for basic research on international differences in the cost of living, productivity, and wages. Labor has a deep concern with these matters.

In addition to the damage done to the New Deal programs for decent wages, collective bargaining, social security, full employment, and world cooperation, the denial of adequate funds strikes at the very idea

of democratic progress, which is the essence of Americanism. Democracy is based on the belief that the people are entitled to information and that if they have the facts they will make the right decisions in politics and other fields. The men and women of this country have a right to know what is going on. The House bill keeps them from knowing essential facts.

The National Association of Manufacturers and others a year ago were saying that if price controls were removed, prices would come down after a reasonable time. This has not happened. Now, the reactionaries want to conceal the evil results of their policies and the growing inequalities of income. But suppression of facts and limitation of understanding is inconsistent with our democratic faith.

If Congress wants peaceful settlement of labor disputes then it must certainly restore the full appropriation asked by President Truman. Intolerable delays in the functioning of the National Labor Relations Board will increase strikes and unrest. Beheading and starving the Conciliation Service, with a slash of 25 percent, will remove machinery for promoting agreements. Similarly disastrous will be the 60-percent cut in the appropriation for the Bureau of Labor Statistics. For unless this Bureau has the funds originally requested, essential information for proper negotiation or arbitration of labor disputes will be lacking. In the absence of such information, labor and management will start negotiations further apart than ever and impartial fact-finders will have no adequate evidence on which to reach conclusions.

What are the facts needed for fair and peaceful settlement of differences between labor and management? Obviously, facts on existing wages in the plants concerned and other comparable ones. But with the slashes enacted, virtually no local or regional wage data would be available and information on a national basis would be too general to meet needs.

INCREASE IN APPROPRIATIONS FOR BUREAU OF LABOR STATISTICS

Senator KNOWLAND. I might just remark at that point—I do not know whether you were here the other day—but the testimony shows that even with the rather drastic slash by the House of Representatives committee, and also the additional cut on the floor of the House, the appropriation for the Bureau of Labor Statistics is double what it was in 1941.

Mr. CAREY. I might say, sir, in response to that question, that the additional slash of a thousand dollars made even after the committee made its recommendation still would not bring it up to meet the needs today in terms of facts essential for proper collective bargaining. We have had a tremendous increase in our labor force in this country. The question of labor-management relations and the facts necessary for a proper adjudication of their disputes have never been adequately met. It is the one shortcoming we have had; and management will question labor's information, if they know it is inadequate; and labor will likewise question management's information; and we need more facts on the collective-bargaining table.

Unfortunately, in 1941, a sufficient job had not been done by the Government in meeting the problems in American industry. We have had an increase from 1938 until the present time—we have

doubled the number of workers organized in the unions in the United States. We have increased the American labor force by over 10,000,000, and it is to be expected that as we develop new experience in the field, and we recognize the need, that they would have appropriations necessary today larger than they were before, because the output of American industry is much larger. It covers a great number of very complicated operations, and we have never had the basic information that is essential in proper collective bargaining.

Senator KNOWLAND. Still, 1941 was 8 years into the New Deal.

Mr. CAREY. 1941 was the beginning of the war situation, and a great deal of the New Deal was interrupted as a result of the need of attention given to war problems. I am not certain but there would not have been additional efforts in 1941 and 1942 and 1943 to meet the problems in American industry due to a break-down in relations between management and labor by Government's supplying the real facts in these disputes, because there should not be arguments over the facts, if they are there. Today we have a great number of disputes growing out of the simple questions: What are the facts? What are the wages in this plant? What are the profits? What are the reserves? and other questions that are very essential.

QUESTION AS TO CONCENTRATION OF POWER IN WASHINGTON

Senator KNOWLAND. Of course, I do not agree with your philosophy that you have to concentrate the power in Washington to do a great many of these things. I happened to have handled on the floor of the California State Senate the first unemployment-insurance law that passed in California, but I believe that the States can do a considerable job without too much interference from Washington. The fact that we are endeavoring to return some of this power back to the States is no indication that either the majority in Congress or those who believe in that point of view are reactionaries, as you apparently attempt to indicate.

Mr. CAREY. I think, sir, that most of the efforts made to place these problems back in the hands of the States are a method of destroying the operation, not to improve them, by any means.

Senator KNOWLAND. That is your point of view.

Mr. CAREY. It is, and that is our difference. I think that if the States could have dealt with this question, the States would have dealt with it, but it would be impossible for any State to deal with facts growing out of a dispute with any of the major corporations of this country, because they are not bound by State boundaries, and that runs to all the important American industries that operate on a national basis—United States Steel or General Electric or any of these other corporations; they do not operate according to State boundaries; they are Nation-wide companies dealing with national resources, and I do not believe that the States can adequately meet it. But the fact stands that they have not; and because they have not, the facts are necessary.

There will be two ways of dealing with industrial disputes in this country: One is by suppression, and the other is through the proper democratic method of getting the facts out and dealing in collective bargaining; and I think rather than go down this terrible path of suppression, that the Government may render the proper service, that

it can and should render, by assisting and bringing about a better relationship between management and labor, by getting out the facts. The effort that we have made in this direction, I think, has been a wholesome one, and it is something to be regretted, I believe, that this Congress should destroy the gains that have been made in this field by making their contributions as a government. To render the kind of service that only the Government can render, and cannot be rendered by State governments. I commend to your attention the fact that they have not been rendered by State governments.

The advisory board to the Office of War Mobilization and Reconversion, consisting of leaders in business, agriculture, labor, and the public, unanimously recommended that the Government should work in the important field of guaranteed annual wages. But with this slash, labor and management and Government alike will look in vain for adequate information and assistance on guaranteed wages from the Bureau of Labor Statistics.

Facts are needed also on the effects of proposed wage increases. How great is labor cost per unit of output at different production levels? How much would a wage increase affect total expenses of an employer? We have been seeking to have the Bureau of Labor Statistics expand its work in these fields which are of critical importance. But cuts would make this impossible.

How have other unions and employers worked out peaceful labor relations? What have proved effective ways of settling grievances? What are common contract clauses on seniority, vacations, and health? We want far more money for the Industrial Relations Division than President Truman requested. A 60-percent cut would deprive the people of information on one of the most critical questions in the Nation today.

How much do families need to live on, and what is happening to the cost of living? The slashes would end work on the former and make work on the latter highly inadequate and controversial. Nothing would be done on difference between areas and regions.

Output per man-hour is rising sharply, thanks to the tremendous technological advances and the capital investment of the war period. Here is a controversial field in which far more needs to be known. Only expanded funds will provide information on productivity trends. If profit information is not provided through other agencies, the effect will be even more disastrous.

How effectively can older workers and handicapped workers be used in industry? What are the effects of bad working conditions and long hours on health and efficiency? The slashes will completely prevent work by the Federal Government in this field of so great importance to disabled veterans and to older workers as well as all wage earners.

What are the general economic trends as they affect labor especially, and how do conditions here compare with those of labor abroad? These matters, too, affect the settlement of labor disputes.

It is folly to expect American labor to receive fair treatment and to be able to negotiate peaceful agreements with employers if information of these many types is not available. Yet the slashes in the House appropriations bill remove other vital information as well as these.

It is no accident that the same people who advocate this bill also are cutting funds for dams. It is no more a waste of money to build channels for bringing industrial peace than for preventing floods. The savings and the contribution to national prosperity and happiness are far greater than the outlay. Lacking those far-sighted provisions, an economic flood is bound to come which will cause great misery and loss. May I remind the Republicans that they will be the surest victims of such a catastrophe.

Senator KNOWLAND. Any questions?

DISCUSSION ON INTERJECTION OF POLITICS INTO COMMITTEE HEARING

Senator DWORSHAK. Yes. I do not know why our witness has to interject partisan politics in this. What reason have you to take the position that the Republicans are displaying partisanship? Do you not know that the Republicans are not the entire membership of this body?

Mr. CAREY. The body I refer to—

Senator DWORSHAK. What are you trying to do—bring politics into this? Are you asking for reprisals and retaliation; is that what you want, or do you want a square deal?

Mr. CAREY. Congressman Keefe, of the House subcommittee, is a Republican, sir; Congressman Keefe is the one who threatened these terrific slashes in the Labor Department appropriation.

Senator DWORSHAK. Is he the entire membership of the committee that handled the bill?

Mr. CAREY. He is the chairman, and the Republicans control the policy of the committee.

Senator DWORSHAK. I see; so you are holding the Republican Party responsible for whatever takes place?

Mr. CAREY. For the cuts made by a Congress that is controlled by the Republican Party; yes, sir.

Senator DWORSHAK. Have you held the Democrats entirely responsible for what has transpired in Washington for the past 14 years?

Mr. CAREY. Yes, sir. In my testimony before the committee I hold the responsible people responsible for their actions; and if you sat on the committee when the Democrats were in control of the Congress, you would have heard me make those statements.

Senator DWORSHAK. You know you are on weak ground. There are Members in this Senate who want to submerge their prejudices and their inclination to retaliate because of the partisan politics engaged in by your organization last fall. Personally, I should have nothing but animosity toward your organization, the CIO, but I try to get that out of my mind, and I realize that we ought to try to be fair and entirely overlook the partisan aspects.

Mr. CAREY. The action of the Appropriation Committee of the House was not fair in dealing with the appropriations in H. R. 2700.

Senator DWORSHAK. Why do you not go over to tell them that? You are not speaking in the House now.

Mr. CAREY. Because the matter is under consideration by this committee at this time.

Senator DWORSHAK. I would like to tell you something. You probably know everything that is to be known.

Mr. CAREY. May I ask you a question, sir?

Senator DWORSHAK. Go ahead!

Mr. CAREY. Do you not think we should hold Congress responsible for the actions in cutting the appropriations——

Senator DWORSHAK. Of course, that is the point I am making. You ought to hold Congress responsible. I am objecting to the fact that you single out the Republicans and say you are holding them responsible. Now, you have answered my question.

Mr. CAREY. And should we not hold the Republican Party responsible for the actions of the Congress if they control the Eightieth Congress?

Senator DWORSHAK. You hold the individuals responsible.

Mr. CAREY. If they control the Eightieth Congress?

Senator DWORSHAK. You hold the individuals responsible, whether they be Republicans or Democrats. Their constituents can hold them responsible also.

Now, you deplore the fact that there has not been enough information available. I would like to call your attention to the fact that I have in my hand a report on the second deficiency appropriation bill for 1946, and I am quoting from a report submitted by Mr. Lawton, Administrative Assistant of the United States Bureau of the Budget, so they are not just any figures, they are from the Bureau of the Budget. The report states that the estimated expenditures for education, informational, promotional, and publicity activities, executive branch of the Federal Government, fiscal year 1946 by departments and agencies totaled \$74,829,467. The Department of Labor for those activities had a total of \$1,440,641. You sit there and deplore the fact that there has not been enough money made available to disseminate information dealing with the activities of the Department of Labor, and the other bureaus and boards and agencies, within the executive department, when the Bureau of the Budget says that approximately \$75,000,000 were spent on such activity during the fiscal year 1946. Do you think you are on safe ground when you make those charges?

Mr. CAREY. I think I am on safe ground, and I believe I represent the point of view of the members of the Congress of Industrial Organizations, when I testify here regarding the tremendous dangers to our country.

Senator DWORSHAK. That is very obvious so long as your organization has some of the policies and advocates some of the policies that it has been given credit for in the past years, I can agree with you that we are facing very serious and critical conditions in our country.

Mr. CAREY. Sir, I will not evade the responsibility as an officer of the CIO for the policies of that organization.

Senator DWORSHAK. Nobody wants you to.

Mr. CAREY. Now, I think there is a responsibility on your part, and for the Republicans to evade the responsibility——

Senator DWORSHAK. I resent your insinuations. I have taken an oath of office as a Member of the Senate, and I do not want you or anybody like you to come in here and accuse the Republicans of playing partisan politics. If anyone is doing it it is people like you and officials of your organization.

Mr. CAREY. What is wrong with partisan politics?

Senator DWORSHAK. This is not partisan politics. We have a bill here for the Department of Labor, and we are trying to do a good job.

Mr. CAREY. Senator, some campaign promises were made to the people of this Nation.

Senator DWORSHAK. What campaign promises?

Mr. CAREY. Just a minute, sir. I cannot forget about the job that is being done on the Department of Labor by a congressional committee that is controlled by the Republicans, and I think that is a statement of fact, and a fair statement.

Senator DWORSHAK. You want this to degenerate into a partisan squabble, a partisan issue, do you?

Mr. CAREY. I certainly regret that it has degenerated into a partisan issue.

Senator DWORSHAK. Who started it? You did, did you not?

Mr. CAREY. No, sir, I did not testify before the House Committee on Appropriations; they had already committed their action, and I come here to ask you not to permit it to become law.

Senator DWORSHAK. Why did you not go before the House committee and testify?

Mr. CAREY. Because we were not given the opportunity to testify before the House committee, but we are doing the best we can to see that this Congress does not make the same mistake that was made by the committee in the House—see that this committee does not do so. I think some day, some time, the people of this country will have a right to expect their political representatives to respond to their wishes.

Senator DWORSHAK. Who says they are not?

Mr. CAREY. I believe that is democracy.

Senator DWORSHAK. Do you represent the people of the United States or a small segment of the organized labor movement? Do you arrogate to yourself the right to represent all of the people, the taxpayers of the United States?

Mr. CAREY. I present the point of view of a large section of the industrial workers of this country, and I do not think you should object if I try to present their point of view as we see it.

Senator DWORSHAK. I object to only one thing, my young friend, and that is your injection of partisan politics into what is the official business of this committee of the Senate and which should be handled outside the realm of partisan politics.

Mr. CAREY. This is a political issue.

Senator DWORSHAK. That is what you think.

Mr. CAREY. I believe this is a kind of an issue upon which people are elected to Congress.

Senator McCARRAN. Mr. Chairman.

Senator KNOWLAND. Senator McCarran.

Senator McCARRAN. Mr. Chairman, I would only add a word of advice. Some of us have been on this committee a long time, and we have always tried to look out for proper appropriations that the Government might properly function. I have never yet known of a committee member or a committee to be coerced into anything. Facts presented calmly usually are listened to with a great deal of attention. My only comment is that the attitude that you have assumed before this committee today does not get you anything either with Democrats or with Republicans. We are all under oath to see that this Government functions, and also that every dollar that can be saved will be saved. It just seems to me—and you are the first one that I have ever seen take that attitude—that you have taken an attitude that

will defeat you in the very thing that you are zealously trying to carry out. I just wanted you to take that message with you from one who has served on this committee for a long time.

Mr. CAREY. Senator, I think I presented the testimony in a very fair and calm way, as we see it, and the emotion did not crop up while I was presenting the testimony.

Senator McCARRAN. I have said all I am going to say on the subject.

Senator KNOWLAND. Thank you, Mr. Carey.

Mr. CAREY. Thank you, sir.

Senator KNOWLAND. The next witness is Mr. Hartman Barber, of the Brotherhood of Railway and Steamship Clerks.

DIVISION OF LABOR STANDARDS

STATEMENT OF HARTMAN BARBER, GENERAL REPRESENTATIVE, BROTHERHOOD OF RAILWAY AND STEAMSHIP CLERKS, FREIGHT HANDLERS, EXPRESS AND STATION EMPLOYEES, WASHINGTON, D. C.

Mr. BARBER. Mr. Chairman and members of the committee: My name is Hartman Barber. I am the general representative of the Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees assigned to Washington to handle legislative matters for our organization. My office is located in room 310, Independence Avenue SW., Washington, D. C. The headquarters of our union is located at 1015 Vine Street, Cincinnati, Ohio. Mr. George M. Harrison is the head of our union, the largest of the railroad labor organizations, with a membership of 300,000 in the United States and Canada.

In appearing here today on the appropriation for the Division of Labor Standards, I am also representing the Railway Labor Executives Association, composed of 20 railroad labor organizations with a total membership of 1,200,000 railroad employees.

REQUESTS RESTORATION OF DIVISION OF LABOR STANDARDS

I am here to appeal to you to restore the Division of Labor Standards in the United States Department of Labor. All its funds were eliminated in the House appropriation bill, and two of its functions transferred to other agencies.

Our organization has always been basically interested in the improvement of labor standards whether by action of State legislatures or the Congress. It is immaterial where advances are made in the terms of employment or conditions surrounding employment so long as conditions affecting large groups of workers are improved.

An advance for one group, either at a State or National level, will eventually result in an advance for all. In order to meet the need of the workers, their unions, employers, and social and civic bodies in their study of industrial conditions and their improvement, it became evident some years ago that some agency of the Federal Government should be created to do this job. Therefore, in 1934, the Division of Labor Standards of the Department of Labor was established and since that time has been busily engaged in carrying

out the over-all function of the Department of Labor to foster and promote the well-being of the workers of the United States.

Our organization was astonished to read in the House Appropriations Committee report that, when created, the division "was supposed to be the clearing house in the field of industrial safety and sanitation. It has gradually expanded its functions into the field of labor legislation and labor education." The committee infers that the division has expanded its activities in some unauthorized fashion.

Let me read some of the duties imposed upon this division by Congress in the appropriation act for the fiscal year 1935. The division's duties "shall be to prepare and publish information on conditions of labor; to recommend and to advise employers and employees as to proper physical conditions in work places for the purpose of protecting the life and safety of people within an industry; to advise as to practical methods of eliminating dangerous and unsafe working conditions; to promote educational opportunities for wage earners; and to advise on various methods of securing orderly industrial relations; after due research to cooperate with the States in formulating standards and policies of working conditions; to foster legislation, administrative procedures, and industrial and labor practices adapted to the improvement of the working conditions and the economic position of wage earners; upon request, to assist the several States in studies of laws and regulations relating to such conditions."

That is enough to indicate, I think, that far from exceeding its authority as the House committee infers, the division has not been able to do all the things Congress directed it to do. On the record, to which the House committee is so fond of referring, there is therefore no justification for denying the division funds on the grounds of overstepping its legal jurisdiction.

CHILD LABOR

The House Appropriations bill halves the funds for the control of child labor and the protection of youth, and transfers these functions to the Wage-Hour Division of the Labor Department. Other people have outlined to you this complicated situation, I am sure.

On behalf of the railroad brotherhoods, may I say we little thought that in 1947 we should have to fight the battle of child labor all over again. We thought that battle was won in 1912, when, if I may say so, a Republican Congress created the Children's Bureau. It is true that the House bill does not today abolish the function, but a cat is just as dead if you starve it into pernicious anemia, as if you chop off its head. And this is no time to starve the agency that has done such a magnificent job for over a generation in protecting our future workers and citizens.

As an aftermath of war, there are two and one-half times as many kids working today as in 1940. A million fewer are in high school than in 1941. In time of war, when we conscript boys for the armed forces, everybody gets very excited about the number of rejections for poor health and about the amount of illiteracy or semiliteracy that is so revealed. Well, we are creating more poor health and more semiliteracy right now by letting all these kids work.

This Federal child labor agency has gone a long way in gaining general acceptance for a 16-year minimum age for employment. But there are still a lot of States that do not reach that standard. Just look at these maps, and I have them here, gentlemen. See all those black States that do not reach the 16-year minimum.

Now, we in the brotherhoods, State labor administrators and a whole lot of community agencies need the help of this Federal agency in developing better child labor standards, in finding out what jobs are undesirable or hazardous for youngsters, and in finding out, too, what educational and employment opportunities exist for them.

We cannot get this kind of service if the Federal agency is starved or farmed out to a wage-hour inspection division that is not equipped to perform this function. The House bill has tried to mix oil and water, and that one—they tried to mix it on that one, and it will not work.

LABOR EDUCATION SERVICE

The House bill also turns over the Labor Education Service, with its present appropriation of \$63,000, to the Bureau of Labor Statistics because the House committee says the publications of the two agencies are almost a complete duplication. At the same time the House cuts BLS appropriations by 60 percent, and the House committee says all its functions, except the maintenance of the cost-of-living index ought to be very materially reduced. We do not agree that there is any duplication in publications, but even if there were, there will not be if the BLS cuts are sustained. There will not be any publications, period.

I want to stop here a minute. I appeared before the House committee, and I think my testimony appears on page 713, and down here on page 718—Mr. Keefe made the statement that if I knew more about what I was talking about I would not have made some of the statements contained in my brief. Well, when you look at what they did to the Division of Labor Standards, I will have to admit that possibly my statement was not as effective as it should have been, because it certainly did not do the Division any good, from the results obtained from the House committee.

QUESTION OF DUPLICATION OF PUBLICATIONS

Now, I hold up these before you. Mr. Keefe made the statement that these publications put out by the Division of Labor Standards were all duplicated in better form and more elaborate, by the Bureau of Labor Statistics. Well I went down to the Labor Department. I wanted to find out about what these publications were, what the duplications were which had been made.

Let me say here, Senator, if there are any duplications, if anybody is doing double work, why, it should be cut out. I am convinced of that. I do not want to see this Government spend one cent that is unnecessary. But I would like to hand these over to you. One of these "Settling Plant Grievances." Here, he says this book was duplicated in the Bureau of Labor Statistics by a publication called "Union Provisions"—"Union Agreement Provisions." They are not alike in

any particular. There is no duplication, and I hand them over to you, Mr. Chairman, to see if you can find any.

Now, the House is talking our language. We know this field. I have carefully examined the publication of the Bureau of Labor Statistics which, according to House committee hearings, is supposed to duplicate the publications of the Division of Labor Standards. I have it here, and you have it before you. It is called "Union Agreement Provisions," BLS Bulletin No. 686, which is being revised and published in separate chapters. It is a valuable document. Management and union officials use it constantly as a reference, as a handbook, in drafting contract clauses.

But we are unable to see where it duplicates Labor Standards publications in the slightest.

Take the chapter on Grievance Adjustment. It contains samples of different kinds of clauses that have been written into union agreements, setting up procedure for handling grievances. It also contains a little summary of such clauses.

Now, take this publication of Labor Standards, Settling Plant Grievances. It tells foremen and union stewards how to recognize a grievance, what the common grievances are, when to write them down, how to set up grievance forms, something about the steps in settling grievances, of course. But the most important part of the pamphlet is its discussion of the constructive attitudes that both management and labor representatives should assume in handling grievances. The attitudes should show fairness, desire for prompt adjustment, responsibility, and so on. And this pamphlet is not written in an ivory tower, either. It is based on actual, successful plant experience.

Now, those who know labor-management relations have no trouble in distinguishing between these two publications. They are as different as day and night; they are as different as a publication citing and summarizing a law, and one summarizing sound experience in its administration.

For labor-management contracts are actually bodies of mutually accepted law or rules governing labor-management relations. But just like laws, they are no better than their administration. And the Division of Labor Standards' pamphlet is a basic text to help train human beings to administer these contracts amicably and fairly with other human beings.

Both management and labor have increasingly recognized their responsibility to train their representatives in the peaceful art of human relations in industry. They have set up their own schools and have asked colleges and universities to set them up. All of them have appealed to the Division of Labor Standards for help in organizing courses, for basic text material, and for information on successful experience, wherever it has been found.

Now, if management and labor want to prevent industrial strife by training their people in peaceful labor relations and want to help and get help from the Government, if they are that smart, then it seems to us the Government is very short-sighted to short-change them. Certainly, \$121,000 is a lot less than the cost of even a small strike. I picked grievance procedure back there as an illustration because unsettled grievances that fester into major disputes are one of the major causes of strikes.

And this function ought to be left in the Division of Labor Standards which has developed it, given it leadership, and gained experience. It ought not to be shifted to a fact-finding agency that issues statistical reports. It is not fair to the Bureau of Labor Statistics.

FUNDS FOR INDUSTRIAL SAFETY

Another thing the appropriations bill does is to cut out all divisional funds for industrial safety, because the House committee says it is a function "in which the States have supreme authority." Well, the accident figures which other witnesses have no doubt given you, do not indicate that the States are doing a very good job. Just as we in the railroad industry had to get the safety job done, not by the States but by the Federal Interstate Commerce Commission, so, unless the States are assisted to do a better job, you are going to be faced with overwhelming pressure for Federal inspection and enforcement of industrial safety regulations.

Oh, I know that most railroads are clearly engaged in interstate commerce, but look at what is happening in the mining industry. Safeguarding mines has been a State function for years and the coal mines have one of the highest accident frequencies on record. It was the failure of the States to do the job that has led to Federal inspection, and will lead to Federal enforcement. The whole situation is an involved one right now, but you cannot get around the fact that the States have not done the safety job either in the mines or in industry.

Now, I do not happen to believe that the Federal Government holds the answer to every problem. I would like to see the States given technical assistance by an agency like the Division of Labor Standards to improve their safety programs. Apparently the States want it and have asked for it. That, I think, answers the argument of the House committee that such Federal assistance is a "gratuity." The men who are maimed in industry and the families of the men who die are not going to think that Federal assistance to save their lives and limbs is a "gratuity." They think it is a right.

We railroad men know what safety means. We were one of the early heavy industries to develop great and terrific accident tolls. It was those tolls that led President Theodore Roosevelt to propose what later became the Federal Employers' Liability Act.

A man's life or woman's life is just as valuable to them and the community no matter what occupations they follow. You willingly spend millions to eradicate hoof-and-mouth disease among cattle, and you should. The Department of Agriculture has always been able to obtain ample funds to protect the Nation's crops against gypsy moths and fruitflies and a lot of other pests, and it should. You are going to spend millions to make the airways of America safe. The Commerce Department is going to get millions for that and it should. What about workers in industry? Are they not and are not their lives as valuable as cattle and as useful as fruit or grain? The people of this country make this country what it is, and their welfare and their lives are your sacred trust. The least you can do is to approve the appropriation of the Division of Labor Standards. Do not break the trilogy of Government, industry, and labor in this life-saving task.

The House committee gives no reasons for abolishing the rest of the Division's functions. It does not mention that it has removed the only place in Government where information of all State and Federal labor laws may be obtained. It does not mention that it has eliminated the Secretary's only agency for improving Federal-State cooperation. We have today both Federal and State labor laws. To make the two work without duplication or irritation, and with benefit to the wage earners, they are designed to serve, there must be some Federal agency to iron out the kinks. There must be some Federal agency in which the States have confidence and to which they can bring their problems. Most of us in organized labor have at some time attended the Division's national conferences on labor legislation which offer a kind of annual measure of the scope of Federal-State cooperation. I have been amazed at what good relations by and large the States have with the Division. Like Rome, that kind of confidence was not built in a day, and it ought not to be lost.

It is a lot cheaper to finance the Division's experience and skill in all these fields than it is to go on paying for costly job accidents, than it is to go on paying for strikes, than it is to go on paying for jealousy, irritation, and jurisdictional disputes between Federal and State labor agencies. As the Washington Post, in its editorial about this Division, said, it is not always economy to save money.

The railroad brotherhoods do not think it is economy to deprive the Division of Labor Standards of \$865,000, and we respectfully and strongly urge you to restore both its money and its functions.

Senator KNOWLAND. The chairman wishes to congratulate the representative of the brotherhoods for an intelligent discussion, and a constructive approach to a problem which this committee is facing; and to congratulate the other representatives of organized labor, with the exception of the previous speaker who represented the CIO, because I can assure you that this committee will be more likely to respond to an intelligent, constructive approach rather than to an attempt at intimidation, which is certainly the impression some of us got from the last speaker, and I congratulate you again, sir.

Mr. BARBER. I thank you, sir. I hardly know how to reply to that because, after all, Mr. Carey represents a labor organization, and I suppose he was justified in appearing here and presenting his views. I have been appearing before State legislatures and this Congress ever since 1934, and I may say, sir, that I am not unacquainted with your service in the California State Legislature. I am not only the Washington representative of our brotherhood on national legislation, but I also direct the activities of 47 State legislative committees, and one of them is the California State legislative committee; and I believe you served in the California Legislature for a number of years.

During your incumbency you not only fostered, but you also supported on many occasions liberal, progressive legislation, and I could not picture you, Senator, when it comes to the mark-up of this bill, of not applying to it, as you have indicated, a constructive approach so that the citizens of the United States, and the group that I represent, will be adequately and duly protected.

Senator KNOWLAND. Thank you, sir.

Mr. BARBER. I thank you, sir.

Senator KNOWLAND. Any questions?

Senator McKELLAR. I would like to make one correction. You spoke of the Congress in 1912 being a Republican Congress; it was half and half that year.

Mr. BARBER. I hope you will excuse me.

Senator McKELLAR. The House was Democratic, and the Senate was Republican.

Mr. BARBER. I stand corrected, Senator; thank you.

Senator McKELLAR. I happened to be a Member.

Mr. BARBER. I know you were, Senator. Thank you ever so much, Mr. Chairman and gentlemen, for giving me the opportunity to appear here this afternoon.

Senator KNOWLAND. The next witness is the Bureau of Employees Compensation, Federal Security Agency, Mr. William McCauley.

FEDERAL SECURITY AGENCY

BUREAU OF EMPLOYEES COMPENSATION

STATEMENT OF WILLIAM McCAULEY, DIRECTOR, BUREAU OF EMPLOYEES COMPENSATION, FEDERAL SECURITY AGENCY

SALARIES AND EXPENSES

STANDARD CLASSIFICATION SCHEDULE

Salaries and expenses, Bureau of Employees' compensation

Standard classification	Estimate, 1947	Estimate, 1948	Amount recommended by House	Increase (+) or decrease (-), 1948 esti- mate com- pared with 1947	Increase (+) or decrease (-), bill com- pared with estimate
01 Personal services:					
Departmental.....	\$928,064	\$817,333	\$721,333	-\$110,731	-\$96,000
Field.....	504,516	517,967	434,967	+13,451	-83,000
02 Travel.....	52,500			-52,500	
03 Transportation of things.....	2,200	2,200	2,200		
04 Communications service.....	21,000	21,000	21,000		
Payment for penalty mail.....	12,000			-12,000	
05 Rents and utilities.....	32,500	35,000	35,000	+2,500	
06 Printing and binding.....	20,000			-20,000	
07 Other contractual services.....	57,250	60,000	49,000	+2,750	-11,000
08 Supplies and materials.....	7,750	7,750	7,750		
09 Equipment.....	4,800	14,750	4,750	+9,950	-10,000
Grand total obligation.....	1,642,580	1,476,000	1,276,000	-166,580	-200,000
Transferred to "Salaries, Office of Administrator".....	+10,420			-10,420	
Excess of obligations over ap- propriation due to Public Law 390.....	-153,000			+153,000	
Total appropriation or estimate.....	1,500,000	1,476,000	1,276,000	-24,000	-200,000

AMOUNT OF BUDGET ESTIMATE

Mr. McCAULEY. The estimate approved by the House of Representatives provides \$1,276,000 for salaries and expenses of the Bureau exclusive of travel expense and printing and binding. This sum includes \$41,000 for the expenses of the Board of Appeals, thus leaving \$1,235,000 for the operation of the Bureau.

BUREAU PERFORMS SERVICE FUNCTION

The Bureau performs a service function, and the volume of its work depends upon factors over which it exercises no control. Its work load depends upon the number and kind of industrial injuries reported from employments covered by the workmen's compensation laws it is required to administer, the continued servicing of cases carried forward from year to year in which payments are being made, and the rehandling of old cases in which application is made for review.

TYPES OF WORK CARRIED ON

The work of the Bureau may be divided into two broad classifications. One relates to the administration of the Federal Employees' Compensation Act of September 7, 1916, and the other to the Longshoremen's and Harbor Workers' Compensation Act of March 4, 1927. Both acts have been extended beyond the coverage originally provided thereunder.

ADMINISTRATION OF LONGSHOREMEN'S ACT

Approximately 40 percent of the funds in the appropriation are required in connection with the administration of the Longshoremen's Act. Such requirements are not affected by changes in the Federal service, for the law is applicable to private employments. Moreover, the new case load expected in 1948 from such employment is two and one-half times the prewar case load.

ADMINISTRATION OF FEDERAL EMPLOYEES' COMPENSATION ACT

The remainder of the appropriation is for administration of the Federal Employees' Compensation Act and its extensions. It is estimated that about 10 percent of the total cost relates to the latter; that is, servicing of old cases arising out of extension of the law to former relief employments and special war coverage, such as war-risk injury and detention.

APPLICATION OF HOUSE REDUCTION

The reduction of \$200,000 in operating funds made by the House of Representatives will have to be applied principally to the administration of the Federal Employees' Act. The effect of this will be curtailment of services essential for the proper protection of the Government's interest; namely, adequate investigation of claims payable from Federal funds. Such claims upon approval by the Bureau are payable from the employees' compensation fund. It is estimated that the probable cost of injuries under the law occurring in 1948 will amount to approximately \$12,000,000. Individual cases in many instances have a potential cost of more than \$25,000. It is clearly in the Government's interest to properly develop such cases before accepting liability, and this cannot be done without an adequate examining and investigating staff and funds for travel and related expenses.

EFFECT OF HOUSE REDUCTION

The reduced appropriation will not provide an adequate staff for such purpose. The present staff engaged on this work will have to be reduced by approximately 70 positions. Investigation will have to be greatly restricted, and the adjudication of claims and payment of benefits will be greatly delayed.

EMPLOYEES' COMPENSATION FUND

STANDARD CLASSIFICATION SCHEDULE

Employees' compensation fund, Bureau of Employees' Compensation

Standard classification	Estimate, 1947	Estimate, 1948	Amount recommended by House	Increase (+) or decrease (-), 1948 esti- mate com- pared with 1947	Increase (+) or decrease (-), bill com- pared with estimate
Compensation benefits.....	\$13,700,000	\$10,750,000	\$10,000,000	-\$2,950,000	-\$750,000
Grand total obligation.....	13,700,000	10,750,000	10,000,000	-2,950,000	-750,000
Excess of obligations over appro- priation due to Public Law 650	-2,600,000	-----	-----	+2,600,000	-----
Total appropriation or estimate.....	11,100,000	10,750,000	10,000,000	-350,000	-750,000

PURPOSES OF APPROPRIATION

This appropriation is intended to cover all benefits payable from the compensation fund established by section 34 of the Federal Employees' Compensation Act of September 7, 1916.

BENEFITS TO DISABLED CIVIL EMPLOYEES

The Federal Employees' Compensation Act authorizes payment of benefits to civil employees of the United States disabled as a result of injuries sustained while in the performance of duty and to the dependents of employees who die as a result of such injury; medical and hospital treatment made necessary by reason of injury, and transportation when necessary for the purpose of securing such treatment; burial expenses, and in case death occurs away from the home station of an injured employee, transportation of the remains to the employee's home.

BENEFITS TO FORMER EMPLOYEES OF CERTAIN EMERGENCY AGENCIES

Similar benefits in modified form were extended to employees on Federal relief work projects who were employed under Civil Works Administration, the Civilian Conservation Corps, and Work Projects Administration programs. In view of the discontinuance of these relief programs, the work of the Bureau in connection therewith is now limited to the adjudication of old claims and payment of benefits on account of incurred liabilities.

PAYMENT OF WAR-RISK BENEFITS

In addition to the benefits described above, this appropriation is available for payment of certain of the war-risk benefits provided by the act of December 2, 1942, as amended. Such act provides for the payment of accrued wages to certain employees who died as a result of enemy action. Other benefits are payable for injury or death due to war-risk hazards, and for the reimbursement of employers and their insurance carries for liabilities expended for such war risk losses.

AMOUNT REQUIRED NOT CONTROLLABLE

The appropriation may not be used for any purpose other than the payment of statutory benefits above referred to. Moreover, the amount required for such purpose is not a matter of administrative discretion. It would be in the interest of economy to provide slightly more rather than less funds for the appropriation, so as to avoid the necessity of presenting a supplemental appropriation later in the year, which would involve repetitious action by the Congress and the several administrative agencies concerned. This course would also eliminate the hardship imposed upon claimants whose compensation is suspended when this appropriation is inadequate.

ADMINISTRATION OF FEDERAL WORKMEN'S COMPENSATION ACTS

The only function of the Bureau of Employees' Compensation is the administration of Federal workmen's compensation laws. These laws may be broken down into two general classifications: The one pertaining to Federal employees and the other involving private employment and private enterprise. The law applicable to Government employees has been extended to cover, in addition to civil employees of the United States, members of the Reserve Corps of the Army, Navy, and Marine Corps while engaged in authorized training duty in time of peace, and for the purpose of the application of that law, coverage is extended at the present time by a special enactment of last year.

The Federal employees' law was also extended in modified form to various relief programs operated prior to the war period.

LONGSHOREMEN'S AND HARBOR WORKERS' COMPENSATION ACT

The Longshoremen's and Harbor Workers' Compensation Act of March 4, 1927, which was enacted to provide workmen's compensation coverage for employees engaged in maritime employment on navigable waters of the United States, was subsequently extended to cover employment in the service of Government contractors engaged on work outside the continental United States. That coverage is in effect at the present time.

The Longshoremen's Act is also the Workmen's Compensation Act of the District of Columbia, but the District of Columbia operation is not involved here because the cost of administration is paid from an appropriation carried in the District of Columbia Appropriation Act.

SALARIES AND EXPENSES

AMOUNT OF REDUCTION

In approving the appropriation for the Bureau, the committee of the House of Representatives reduced the administrative appropriation in the amount of \$200,000. In doing so, the committee stated that while it is recognized that an entirely dependable prediction as to the minimum requirements of the Bureau is not possible, owing to the character of the business—

the committee believes that the prospective large reductions in the Federal personnel in the next several months below the number envisioned in the Presidential estimates for 1948, coupled with the economies which should be possible as discussed above—

the latter referred to the reorganization plan under which the former Commission was transferred to the Federal Security Agency—

justifies the \$200,000 cut in the estimate.

EFFECT OF HOUSE REDUCTION

Apparently, the House committee assumed that the entire administrative appropriation of the Bureau would be affected by a reduction in the number of Government employees. Such is not the case, however. Not more than fifty percent of the administrative funds of the Bureau are devoted to administration of the Federal Employees' Compensation Act. Approximately 40 percent is required for administration of the Longshoremen's and Harbor Workers' Act and its extensions. Approximately 10 percent of the administrative appropriation is necessary for administration of continued benefits in cases arising out of the relief programs and in special cases arising out of the war operations, such as the payment of benefits to employees of contractors who were captured and detained by the enemy.

The net effect of the cut of \$200,000, so far as it relates to the Federal Employees' Compensation Act, is a reduction of approximately 25 percent or more. Because of the increase in the volume of work under the Longshoremen's Act, which is conducted almost entirely in the field; it is not possible to make any substantial reductions in that operation.

ANTICIPATED NEW CASES IN 1948 UNDER LONGSHOREMEN'S ACT

We anticipate in 1948 over a hundred thousand new cases of injuries under the Longshoremen's Act. That is approximately $2\frac{1}{2}$ the volume of new work in prewar years.

EMPLOYEES AND APPROPRIATIONS IN 1940

Senator KNOWLAND. Let us see, in 1940 you had about 175 regular employees.

Mr. McCauley. In 1940—no, sir; that statement is not dependable. It represents merely the employees who were paid from the "Salaries and expense" appropriation of the Bureau at that time. In addition to that, we had other appropriations.

Senator KNOWLAND. You had others. Could you supply for the record, if you do not have it now, just what those other appropriations amounted to?

Mr. McCAULEY. I will have to supply the amount of the appropriations.

Senator KNOWLAND. The amount of the appropriation and the number of employees that were added, in addition to those taken care of in the regular appropriation bill.

(The information requested is as follows:)

In addition to the regular administrative appropriation "Salaries and expenses," the Bureau during the fiscal year 1940 had available administrative funds as follows:

Appropriation title	Administra- tive funds	Positions authorized
Employees' compensation fund, civil works.....	\$8,370	4
Employees' compensation fund, emergency conservation work.....	34,040	18
Employees' compensation fund, emergency relief.....	537,000	357
Total.....	579,410	379
Regular appropriations, salaries and expenses.....	510,000	237
Total.....	1,089,410	616

The records of the Bureau are in its central office in New York City and it is not possible to obtain a detailed statement of expenditures and employment for prior years in time to insert such statement in the record. The foregoing is taken from the printed Budget for 1941 and 1942.

The following tabulations show the average personnel of the Bureau from 1938 to 1946:

1938.....	427	1941.....	518	1944.....	¹ 514
1939.....	489	1942.....	507	1945.....	¹ 508
1940.....	517	1943.....	¹ 522	1946.....	539

¹ 1943, 1944, and 1945 staff was employed on a 48-hour week. The equivalent staff on a 40-hour week is: 1943, 622; 1944, 617; 1945, 609.

PERSONNEL FIGURES OF PRIOR YEARS

Mr. McCAULEY. I can give you at the present time the average number of employees during the respective years. In 1941, the average employment was 518 employees.

Senator KNOWLAND. Five hundred and eighteen?

Mr. McCAULEY. Yes, sir.

Senator McKELLAR. What was it in 1938 and 1939?

Mr. McCAULEY. Sir?

Senator McKELLAR. What was it in 1938, 1939, and 1940?

Mr. McCAULEY. In 1938 it was 427; 1939, 498; 1940, 517. Those are averages for the respective years.

Senator KNOWLAND. How many of those were the difference, for instance, on the 1940 figure that you gave me as being 427 and the 175 which you previously mentioned? Is that entire difference made out of extra appropriations that you got?

Mr. McCAULEY. Yes, sir, largely from the relief appropriations.

NUMBER OF INJURIES IN 1940

Senator KNOWLAND. In 1940, you had 127,242 injuries, is that a correct total?

Mr. McCAULEY. What was the number?

Senator KNOWLAND. One hundred twenty-seven thousand, two hundred forty-two.

Mr. McCAULEY. Yes, sir; that is correct. That represents the total recorded from all of the acts administered by the Bureau except the relief programs. I do not have the relief figures here.

ACCIDENTS FOR 1947

Senator KNOWLAND. What have been the number of accidents reported this last year?

Mr. McCAULEY. In 1947, the over-all total was for 6 months, and the latest figures I have are 117,340; that is for 6 months. So, I would say that you could double that figure for the year.

APPLICATION OF HOUSE REDUCTION

The absorption of the \$200,000 cut will have to be made, as I stated a moment ago, principally in connection with the administration of the Federal Employees Compensation Act. Now, the committee in the House apparently assumed that a substantial reduction in the number of Federal employees within the next few months would be immediately reflected in the reduction in the volume of work in the Bureau. Such has not been our experience. I do not think it has been the experience of State workmen's compensation boards as a rule.

EFFECT OF REDUCTION IN PERSONNEL

The first effect of a reduction in force is an increase in the volume of our work due to the filing of requests for reopening old cases that involved an injury to the dismissed employee and efforts to file claim for injury which may have not been reported prior to the dismissal.

The reopening of old cases presents rather an important problem. It is almost necessary to make investigation and rather detailed inquiries to see what the loss of wage earning capacity of the individual is. Many people with major handicaps were able to secure employment during the war years. Their earnings, during that period, do not necessarily represent a fair earning capacity in the normal labor market. As a result, we are required to reopen those pages.

PEAK LOAD OF CASES IN 1943

Senator KNOWLAND. What was the number in the peak year of cases you handled?

Mr. McCAULEY. I believe our peak year was 1944, sir. No, sir; 1943 is correct, and in that year we had 467,396.

Senator McKELLAR. How many?

Mr. McCAULEY. Four hundred sixty-seven thousand three hundred and ninety-six.

AMOUNT FOR ADMINISTRATION IN 1943

Senator KNOWLAND. In that year, when you have 467,396 cases, what was your total amount available for administration purposes including your regular appropriation plus these transfers from other war emergency funds.

Mr. McCAULEY. I do not have the figure showing the total amount available, but our actual expenditures for administrative was \$1,007,059.

REQUEST FOR FISCAL YEAR 1948

Senator KNOWLAND. What are you asking for this year?

Mr. McCAULEY. Our request was for \$1,476,000.

REASON FOR EXPECTED INCREASE IN NUMBER OF CASES

Senator KNOWLAND. Roughly half the number of cases based on the present estimate, so that you do believe that this longshoremen's maritime situation will increase the number of cases?

Mr. McCAULEY. Yes, sir.

Cases reported from employment outside the United States are increasing rather rapidly at the present time. During the year immediately following the war the number of such cases dropped off to an average of 438 a quarter.

That would be at the rate of 1,700 a year. During the last quarter of this year, ending March 31, we received 2,500 cases from foreign operations. The number reported in March alone was 1,027. I think an explanation of that is cases arising out of construction work at bases principally in the Pacific and in Alaska.

IMPROVEMENT IN ACCIDENT EXPERIENCE IN FEDERAL SERVICE

Senator KNOWLAND. You say, generally speaking, that the type of employment where the hazards were greater 10 years ago that they have been dropping, or what?

Mr. McCAULEY. There has been a steady improvement in the accident experience in the Federal service within the last few years. That is indicated by the frequency rate for employees in the Federal service. In 1941, the oldest record I have available to me at the moment, the frequency rate for injuries in the Federal service was 13. In 1946 our preliminary estimate shows a frequency rate of 8.7; that is a reduction of approximately a third.

The severity rate showed substantially the same rate of improvement from 1.39 in 1941, to 0.64 in 1946, so that there was a decline in both the frequency and in severity in the Federal service.

AMOUNTS INVOLVED IN CASES UNDER FEDERAL EMPLOYEES' COMPENSATION ACT

I think it would be of interest to the members of the committee to note that the cases arising under the Federal Employees' Compensation Act oftentimes involve considerable sums. I made a check yesterday in New York of the last 15 fatal cases in which we had made evaluations, and the estimated cost of such cases is from nine thousand to twenty-seven-thousand-odd dollars. Permanent total disability cases show an average cost of twenty-thousand-odd dollars, and partial disability cases of more serious nature average around \$10,000 a case. dollars a case.

COMPARISON WITH WORK OF INSURANCE CARRIER

The work we do in connection with the Federal Employees' Compensation Act is comparable to that done by an insurance carrier under a State workman's compensation law, and I think some comparison of their operations is in point. An insurance carrier in writing a workman's compensation insurance allows about 12 percent of the incurred losses for claims service; that means the investigation, adjudication and payment of workmen's compensation claims.

The Federal Government has recognized that as being a fair rate, and it has approved the use of that factor in connection with the comprehensive insurance rating plans used by the War and Navy Departments in connection with their contract operations where workman's compensation was written on somewhat of a cost basis. The contracts allowed the insurance companies 12 percent of their incurred losses to reimburse them for claims service.

AMOUNT OF ANTICIPATED LOSSES FOR 1948

Our estimate of incurred losses on a basis of 80,000 new cases estimated for 1948 and is approximately \$12,000,000.

If this work was farmed out to an insurance carrier under contract the cost of claims service alone would approximate \$1,500,000; that is just for service of the Federal employees' service. I do not think we would be justified in attempting to support such a charge for our operations, but I do believe that the Government would be making a sound investment by providing us with funds to make more complete investigations in these cases. The cost of investigating a case probably would not average much more than \$100 and certainly that would seem a good investment on a claim that is going to involve a liability of \$20,000.

EFFECT OF HOUSE REDUCTION

We will not be able to make investigations in these cases with the funds that will be made available in the bill approved by the House of Representatives. It just cannot be done. In addition to servicing these new cases, we are required, of course, to continue payments in old cases which will continue on the rolls for many years. We are carrying on the rolls now some 3,500 cases that arose out of the relief program. Some of them arose out of the first relief program, the civil works program, which lasted a few months in 1934.

PHILIPPINE ISLANDS' CASES

Some of these cases will stay on the rolls for years and years. We also have a problem of investigating and developing the many cases that arose in the Philippine Islands prior to the period of occupation by the enemy and from current operations. We were unable to do anything with those cases until after the United States returned to that area. There were more than 2,000 fatal cases reported to us from the Philippines. I do not mean that we are going to take jurisdiction in all those cases, but the only way that we can determine the liability of the United States is to make appropriate investigation and inquiry.

NEED TO DEVELOP CASES MORE FULLY

I think it would be a worth-while investment to develop these cases more fully before accepting liability particularly in that type of case, and it cannot be done with the reduced funds that will be available to us.

EMPLOYEES' COMPENSATION FUND

The committee in the House of Representatives also reduced the amount of money to be made available for the employees' compensation fund. That appropriation is exclusively for the payment of benefits to beneficiaries of the Federal Employees' Compensation Act. The reduction was \$750,000.

BREAK-DOWN BY DEPARTMENTS OF BENEFITS PAID

Senator KNOWLAND. I wonder if you could furnish to the committee the break-down by departments of benefits paid during 1947.

Mr. McCAULEY. Yes, sir; I will be glad to do that. That is the total cost of benefits in each department?

Senator KNOWLAND. Yes, sir, and maybe 1946, which I suppose is your last full year and so far this year as you have them.

Mr. McCAULEY. I have them for the departments through 1946.

Senator KNOWLAND. I see.

You do not have any figures for the first 6 months of this fiscal year?

Mr. McCAULEY. Not by departments, but I can give you the total number of injuries reported.

Senator KNOWLAND. That will be made a part of the record.
(The information is as follows:)

Estimated cost of benefits for injuries incurred in the calendar year shown (includes paid and future cost in open cases)

Year of injury	Total number of injury cases	Number of lost time approved injuries	Frequency rate per million man-hours	Severity rate per thousand man-hours	Total direct cost per employee per year	Cost of compensation benefits for all injuries
ENTIRE CIVILIAN FEDERAL GOVERNMENT						
1941.....	73,220	34,512	13.0	1.39	\$4.87	\$7,200,558
1942.....	136,534	63,651	12.5	.88	5.28	12,106,662
1943.....	160,425	89,214	12.5	.93	5.64	17,454,987
1944.....	145,572	81,534	11.0	.92	5.85	18,785,001
1945.....	110,077	63,378	9.8	.61	4.86	13,686,109
1946.....	88,918	50,009	8.7	.64	4.66	12,814,919
1947 (3 months).....	21,550					
STATE DEPARTMENT						
1941.....	231	140	11.2	.13	1.34	9,271
1942.....	176	110	7.1	.45	.95	7,023
1943.....	148	66	3.4	.34	2.44	20,585
1944.....	152	61	3.0	.03	.60	5,355
1945.....	94	58	2.0	.02	.42	5,204
1946.....	175	67	2.1	.31	2.69	41,107
TREASURY						
1941.....	2,493	1,144	10.0	.46	2.62	166,988
1942.....	2,075	918	6.4	.18	1.77	120,607
1943.....	2,337	1,108	6.1	.13	1.74	140,530
1944.....	2,967	1,416	6.7	.17	1.68	153,600
1945.....	2,798	1,550	7.1	.22	2.05	193,994
1946.....	2,512	1,559	6.5	.21	1.76	202,440

Estimated cost of benefits for injuries incurred in the calendar year shown (includes paid and future cost in open cases)—Continued

Year of injury	Total number of injury cases	Number of lost time approved injuries	Frequency rate per million man-hours	Severity rate per thousand man-hours	Total direct cost per employee per year	Cost of compensation benefits for all injuries
WAR						
1941	28,574	10,527	17.8	2.88	\$7.44	\$2,438,942
1942	77,614	28,985	14.1	1.13	6.29	5,622,003
1943	93,674	48,136	14.3	1.18	6.29	9,222,251
1944	74,469	40,038	11.4	1.07	5.81	8,857,505
1945	45,626	26,431	10.9	.73	5.30	5,611,845
1946	31,992	18,070	10.0	.91	5.77	5,014,472
JUSTICE						
1941	475	179	4.6	.53	2.35	50,820
1942	558	216	3.6	.27	2.28	64,442
1943	496	227	3.3	.48	4.24	128,128
1944	438	219	3.4	.15	1.83	51,841
1945	396	178	3.0	.36	1.58	40,679
1946	380	184	3.4	.45	4.22	109,612
POST OFFICE						
1941	14,811	6,868	12.0	.45	2.90	925,217
1942	14,480	6,493	9.5	.27	2.46	803,205
1943	15,537	7,033	9.4	.38	3.63	1,177,579
1944	19,676	7,789	9.5	.35	3.11	1,115,801
1945	22,002	8,943	8.9	.30	2.81	1,222,284
1946	18,884	9,288	9.1	.30	2.92	1,431,051
NAVY						
1941	8,254	6,734	16.1	2.43	7.25	1,680,822
1942	21,054	16,853	16.1	.90	6.55	2,979,787
1943	27,893	22,409	15.8	1.00	6.83	4,212,028
1944	28,988	22,628	14.9	1.14	8.56	5,671,984
1945	22,832	17,564	11.8	.75	6.52	4,211,094
1946	14,881	10,930	9.1	.65	5.25	3,030,003
INTERIOR						
1941	3,945	1,586	19.8	1.46	8.15	361,872
1942	3,912	1,749	18.1	2.25	11.89	548,010
1943	2,989	1,353	15.5	1.03	7.11	270,305
1944	2,584	1,162	12.2	1.26	8.98	371,063
1945	2,165	1,114	11.2	1.16	8.71	376,309
1946	3,503	1,618	15.9	1.48	9.54	466,865
AGRICULTURE						
1941	5,082	2,491	16.3	1.27	6.91	588,154
1942	5,087	2,288	13.4	.90	5.94	483,981
1943	5,255	2,469	12.9	.87	6.06	505,521
1944	4,375	2,049	11.8	1.07	7.23	545,743
1945	3,964	1,996	10.7	.90	7.41	602,887
1946	4,388	1,711	8.7	.92	5.33	504,422
COMMERCE						
1941	1,469	796	19.0	1.12	3.90	90,703
1942	1,383	728	13.6	1.22	5.77	146,853
1943	1,436	744	8.8	1.08	4.87	178,909
1944	1,175	616	7.0	2.42	13.98	533,199
1945	866	438	5.1	.88	6.59	245,913
1946	1,012	516	6.3	1.37	8.34	328,089
LABOR						
1941	61	15	1.9	.04	.51	2,233
1942	69	20	2.0	.04	.56	2,712
1943	66	24	1.6	.43	3.79	24,737
1944	67	31	2.3	.50	3.53	20,443
1945	105	56	1.6	.04	.59	8,813
1946	187	109	1.6	.04	.60	19,740
EXECUTIVE OFFICE OF THE PRESIDENT						
1943	2,620	1,166	2.6	.37	2.05	405,092
1944	2,666	1,160	2.7	.27	1.81	342,904
1945	1,691	838	2.4	.17	1.30	194,360
1946	1,341	743	3.3	.13	1.01	108,952
FEDERAL SECURITY AGENCY						
1941	669	338	6.1	.40	2.66	82,152
1942	818	384	4.7	.47	3.56	138,902
1943	753	385	5.4	.46	3.50	109,080
1944	675	350	5.1	.74	4.38	130,478
1945	551	307	4.4	.20	2.16	65,551
1946	550	334	5.1	.73	5.40	170,018

Estimated cost of benefits for injuries incurred in the calendar year shown (includes paid and future cost in open cases)—Continued

Year of injury	Total number of injury cases	Number of lost time approved injuries	Frequency rate per million man-hours	Severity rate per thousand man-hours	Total direct cost per employee per year	Cost of compensation benefits for all injuries
FEDERAL WORKS AGENCY						
1941.....	1,350	722	10.8	.27	\$2.32	\$ 86,128
1942.....	1,464	872	12.5	.82	3.09	102,318
1943.....	1,202	760	14.9	.56	3.29	73,137
1944.....	1,543	918	19.9	.51	3.94	78,880
1945.....	1,537	943	20.2	.58	3.52	71,437
1946.....	1,629	1,013	19.3	.57	4.52	114,190
DISTRICT OF COLUMBIA GOVERNMENT						
1941.....	637	470	21.2	1.13	5.29	65,101
1942.....	551	395	14.5	.85	4.77	61,886
1943.....	524	372	12.5	.34	3.57	46,177
1944.....	514	378	13.6	.75	6.22	75,121
1945.....	422	316	10.6	.68	6.48	84,194
1946.....	531	384	12.1	.90	6.46	98,814
TENNESSEE VALLEY AUTHORITY						
1941.....	1,847	1,066	23.8	2.43	10.06	250,090
1942.....	2,455	1,581	19.6	2.29	12.19	468,058
1943.....	1,691	991	15.1	2.39	16.53	473,240
1944.....	1,159	586	12.4	2.21	16.24	333,783
1945.....	756	336	11.5	1.93	14.27	181,473
1946.....	784	254	10.5	2.40	13.76	159,832
VETERANS' ADMINISTRATION						
1941.....	2,218	950	12.4	1.46	7.87	335,763
1942.....	2,635	1,180	12.7	1.16	8.45	372,694
1943.....	2,699	1,463	13.7	.98	8.49	392,707
1944.....	2,444	1,413	12.0	.76	7.41	379,102
1945.....	2,501	1,558	10.0	.68	6.86	466,723
1946.....	4,293	2,412	7.2	.50	4.76	762,142
GOVERNMENT PRINTING OFFICE						
1942.....	83	61	3.8	.12	1.71	13,112
1943.....	155	114	6.3	.17	2.47	19,360
1944.....	219	151	9.2	.15	2.66	18,917
1945.....	155	98	6.2	.17	2.66	18,324
1946.....	149	98	6.3	.21	2.81	21,068
GENERAL ACCOUNTING OFFICE						
1942.....	172	31	2.0	.02	.29	2,096
1943.....	186	46	2.2	.02	.31	2,782
1944.....	179	57	2.1	.10	1.09	12,918
1945.....	205	88	2.9	.05	.72	9,684
1946.....	167	86	3.0	.03	.43	5,888
ALL OTHER AGENCIES						
1942.....	1,948	787	2.2	.31	.98	168,973
1943.....	764	348	3.3	.18	1.15	52,839
1944.....	1,282	512	6.1	.17	2.37	86,364
1945.....	1,411	566	5.0	.25	1.46	75,341
1946.....	1,560	633	4.4	.45	3.27	226,214

NOTE.—Total compensation benefits include direct compensation and medical payments by the bureau; also the evaluated leave cost covering wages paid for days leave of absence during disability. Employees outside the continental United States of America included for all departments for which such figures are ascertainable.

POSSIBLE EFFECT OF REDUCTION IN FEDERAL PERSONNEL

Mr. McCauley. Incidentally, in that connection I might observe that reductions in personnel contemplated by the House Committee might or might not have a substantial effect on the number of cases we would be required to handle, depending on where the reductions come. If the entire staff of the Department of Justice, the Depart-

ment of Labor, the General Accounting Office, and the Government Printing Office, were eliminated or the equivalent employment were eliminated, it would not amount to more than 500 lost-time injury cases in a year.

DEPARTMENTS WHERE MOST INJURIES OCCUR

The three departments, War, Navy, and Post Office, account for 75 percent of the injuries reported from Federal service.

Senator KNOWLAND. Is there a relation between the total number of Federal employees and the number of cases that remains fairly consistent throughout the period of time that as your Federal employment goes up; does it go up?

Mr. McCAULEY. Not in the over-all picture; it would depend where the increases occur.

Senator KNOWLAND. There would be some more hazardous occupations?

Mr. McCAULEY. Yes. An engineering construction project would involve a greater number of injuries than something involving merely administrative functions.

Senator KNOWLAND. That would be true of the Reclamation Service?

Mr. McCAULEY. That would be true of the Reclamation Service.

Stevedoring operations are, of course, a very hazardous operation.

AMOUNT REQUIRED NOT CONTROLLABLE

So the conclusion reached by the House is hardly borne out by our records. The appropriation for compensation benefits is limited exclusively to that purpose. Whether there is an adequate amount in the appropriation would not in any way affect the liability of the Government because that is determined on the basis of the facts in the particular case.

Senator McCARRAN. It would affect the liquidation of obligation.

Mr. McCAULEY. Yes, sir.

Last year, the House committee felt that there was some uncertainty as to what the requirements would be in this respect and frankly stated that in approving the amount that it did that it was merely the guess of the committee as against the guess of the Bureau. It so happened that our guess was a little bit closer than the committee's.

We had to submit a request for the deficiency appropriation recently approved by the Congress.

EFFECT OF DELAYED PAYMENTS

However, where that occurs added work is involved all around and hardship is caused those dependent upon the benefit payments. It seems to me it would be more economical in the end if this appropriation is made available with some little cushion to take care of emergencies because any surplus would revert back to the Treasury anyhow. In the meantime, there would not be the necessity of preparing supplemental estimates sending them through channels and taking up the

time of committees in the Congress to make additional appropriations for relatively small sums.

We had to suspend compensation payments for about 10 days this year. When that happens, the beneficiaries usually wait for a day or two and then write to the Bureau. Then if they do not hear immediately, they write to their Congressman. So we have to write two letters to the claimant and the Congressman in that case. All that adds to costs and does not serve any worth-while purpose. I do not believe that the funds approved by the committee for compensation benefits will be adequate and I think the committee had that in mind because it indicated it was just guessing also.

AMOUNT FOR TRAVEL EXPENSES

Now, certain of our administrative expenses, travel, and printing and binding is included in the general funds, provided for the Federal Security Agency for those purposes. I understand that a substantial cut was made in the travel allowance and that such cut would be prorated against the amount to be made available to the Bureau. Our original request was for an appropriation of \$52,500 for travel; that was to be used mainly in connection with investigation of cases in the field and for the field personnel engaged in administration of the Longshoreman's and Harbor Worker's Act.

AMOUNT OF HOUSE REDUCTION

The reduction made by the House of Representatives in travel item would result in a decrease of \$19,350 for the travel of the Bureau. If the committee should see fit to restore part of the administrative expenses so as to enable us to make investigation, certainly the travel items should be restored because it would not serve any purpose to have investigative personnel who could not travel.

Senator KNOWLAND. Yes.

Mr. McCAULEY. We feel that \$52,500 is the minimum amount that would meet our requirements.

PRINTING AND BINDING

Printing and binding involves a reduction of the Bureau's part of that fund amounting to \$5,000.

We had requested an increase in the printing and binding item to enable us to reprint our forms to comply with provisions of the acts and to supply new regulations arising out of our transfer from the independent former commission to a Bureau in the Federal Security Agency. We supply all the forms used in connection with the administration of the several compensation laws.

Insurance companies, in some instances, supply forms under the Longshoremen's Act where they prefer to have their names printed on the form, but the expense is primarily that of the Bureau.

We feel there is a complete justification for the amount requested and request your favorable consideration of that.

Senator KNOWLAND. Any questions, Senator McKellar?

Senator McKELLAR. I have no questions.

Senator KNOWLAND. Senator Dworshak?

Senator DWORSHAK. I have one or two questions.

Senator KNOWLAND. Proceed, sir.

QUESTION AS TO INCREASE OR DECREASE OF WORK LOAD

Senator DWORSHAK. Mr. McCauley, have there been any material changes in the administration of your Bureau since the change-over under the reorganization plan?

Has your work load been increased or decreased or is it about the same?

Mr. McCAULEY. The work load has decreased slightly by reason of the elimination of certain employment of wartime character. We had estimated a reduction of the volume of cases under all of the acts below the preceding year, but that reduction was taken into account by the Bureau of the Budget in allotting us funds for the next fiscal year.

PERSONNEL

Senator DWORSHAK. I know you had new functions added to your work load, but I know that in this estimate which you have submitted that in 1941 you had only 241 employees and that in the current year you have 518 and in 1948, you are asking for 455. That is still almost twice what you had in 1941.

Mr. McCAULEY. The figure of 241 that you refer to now was revised in my statement to the chairman a few moments ago. The average number of employees we had in 1941 was 518.

Senator DWORSHAK. 518?

Senator KNOWLAND. Apparently from other appropriations.

Senator DWORSHAK. You mean on a comparable basis with the various agencies and boards which have been included within the functions of your bureau at this time?

Mr. McCAULEY. Yes, sir.

Senator DWORSHAK. That is what you had in 1947, 571, which would mean that in 1941 and in 1947 you were on almost an exact operating basis as far as personnel was concerned?

Mr. McCAULEY. There would not be much change.

PRINTING AND BINDING

Mr. STEPHENS. Mr. Chairman, Mr. MacCauley mentioned approximately \$5,000; that is the difference in what the House allowed and what he had available in 1947. The actual reduction from the estimate was \$10,000 and that is the amount he is asking to have restored.

Senator KNOWLAND. Thank you very much.

Mr. McCAULEY. Thank you, sir.

Senator KNOWLAND. Next we have the Food and Drug Administration.

FOOD AND DRUG ADMINISTRATION

STATEMENT OF DR. P. B. DUNBAR, COMMISSIONER, ACCOMPANIED BY BUSH W. LOCKNANE, ACTING BUDGET OFFICER; GEORGE P. LARRICK, ASSISTANT COMMISSIONER; DR. HENRY WELCH, CHIEF, DIVISION PENICILLIN AND IMMUNOLOGY, FOOD AND ADMINISTRATION, WASHINGTON, D. C.

SALARIES AND EXPENSES

STANDARD CLASSIFICATION SCHEDULE

(The Standard classification schedule is as follows:)

Standard classification schedule—Salaries and expenses, Food and Drug Administration

Standard classification	Estimate 1947	Estimate 1948	Amount recom- mended by House	Increase (+) or de- crease (—) 1948 esti- mate com- pared with 1947	Increase (+) or de- crease (—) bill com- pared with estimate
01 Personal services:					
Departmental.....	\$1,094,187	\$1,162,233	\$1,094,130	+\$68,046	-\$68,103
Field.....	2,438,679	2,575,362	2,438,679	+136,683	-136,683
03 Transportation of things.....	19,500	20,500	19,500	+1,000	-1,000
04 Communication services.....	33,925	34,500	33,925	+575	-575
05 Rents and utility services.....	12,000	12,000	12,000		
07 Other contractual services.....	62,180	65,200	62,180	+3,020	-3,020
08 Supplies, materials, and samples.....	207,950	215,950	207,950	+8,000	-8,000
09 Equipment.....	84,836	111,755	84,836	+26,919	-26,919
Grand total obligations.....	3,953,257	4,197,500	3,953,200	+244,243	-244,300
Reimbursements for services performed.....	-70,000	-70,000	-70,000		
Transferred to "Miscellaneous expenses, Office of Administrator, Federal Security Agency".....	+1,500	+1,500	+1,500		
Received by transfer from "General ad- ministration, Food and Drug Adminis- tration, FSA".....	-140,004			+140,004	
Excess of obligations over appropriation due to Public Law 390.....	-409,753			+409,753	
Total appropriation or estimate.....	3,335,000	4,129,000	3,884,700	+794,000	-244,300

DIGEST OF STATEMENT

Dr. DUNBAR. Mr. Chairman, I have here a digest of my statement to the committee, and I would like to have it made a part of the record rather than read it at this time.

Senator KNOWLAND. That will be done.

(The digest is as follows:)

FOOD AND DRUG ADMINISTRATION

GENERAL STATEMENT BY THE COMMISSIONER OF THE FOOD AND DRUG ADMINISTRATION
BEFORE THE SENATE APPROPRIATIONS COMMITTEE*Salaries and expenses*

This item furnishes funds for the enforcement of the Federal Food, Drug, and Cosmetic Act and four related acts—Tea Importation Act, Import Milk Act, Caustic Poison Act, and Filled Milk Act. It covers all costs except travel, printing and binding, and certification, and sea-food inspection services.

A \$244,300 increase requested in this appropriation for the fiscal year 1948 was disallowed by the House. This increase was recommended to permit enforcement operations to keep pace with the growing traffic in import and interstate food and drug commodities. The justification statement under "Salaries and expenses" sufficiently explains the reasons for this requested increase.

Salaries, sea-food inspectors

An item of \$40,000 which has been appropriated annually for the partial support of this service since 1937 was deleted by the House. The justification statement under this heading explains the purpose of this appropriation.

Certification services

This amendment proposes an increase of \$100,000 in the House-approved item, making the total appropriation for 1948, \$431,000. The House made no reduction in this item as originally recommended.

H. R. 2700, Labor-Federal Security appropriation bill for 1948, which has passed the House, provides \$331,000 for the purpose of pretesting and certifying batches of coal-tar colors, insulin, and penicillin in accordance with prior basic legislation. The certification services are entirely self-supporting through the collection of fees, which are deposited in the Treasury and made available through appropriations.

Since the preparation and presentation of our estimates for 1948 to the House, Public Law 16 was enacted by the Congress and approved March 10, 1947. This amends the Federal Food, Drug, and Cosmetic Act, as amended, so as to require the certification by the Food and Drug Administration of batches of drugs composed wholly or partly of any kind of streptomycin or any derivative thereof. The act also provides as it did with penicillin that such fees shall be charged for certification as are necessary to provide, equip, and maintain an adequate certification service.

This request for an amendment to the 1948 appropriation is to provide funds so that this self-liquidating certification service for streptomycin may be maintained.

This estimate reflects our best judgment at this time as to the minimum cost of maintaining the service for the fiscal year 1948. Fees will be imposed by regulations published in the Federal Register sufficient to offset the cost of certification. These fees will be deposited to "Miscellaneous receipts, Federal Security Agency." It may be necessary, from time to time, to adjust the fee rate in the light of cost experience.

It is impossible at this time to make an accurate forecast of the volume of work for the fiscal year 1948 due to the uncertainty of the production curve. Streptomycin was first isolated in crude form in January 1944 by Dr. Selman A. Waksman and his coworkers at Rutgers University. Its discovery was the result of a carefully planned program designed to find a substance capable of effective use against the so-called gram-negative group of organisms, such as those occurring in the intestinal tract. These organisms are not controlled by penicillin which is effective against the gram-positive organisms such as the staphylococcus, streptococcus, and pneumococcus. A year ago the monthly production of streptomycin was about 26,000 grams while today 11 factories are producing a total of approximately 225,000 grams per month. The wholesale price has dropped from about \$20 to about \$4 per gram and further reductions are expected as production increases, so that a greater portion of the public can afford use of this drug. At present, several of the large drug factories are building separate streptomycin plants, and it is expected that these, and perhaps additional ones, will be completed during the fiscal year 1948. From information available to us now we believe that during the fiscal year 1948, production will triple, and perhaps quadruple, so that by the end of that year 675,000 to 900,000 grams will be produced per month.

The regulations to be published in the Federal Register provide that from each batch of streptomycin manufactured 5 to 12 vials must be submitted for testing and certification, depending on the size of the batch, and that a fee of \$15 per vial will be charged. Our best estimate at this time is that a monthly average of 90 batches will be manufactured during the fiscal year 1948, or 1,080 batches for the year, and that vials submitted per batch will average between 6 and 7.

On this basis we compute the income in fees for streptomycin certification for the year 1948 at least \$100,000.

The number of samples or vials received is not entirely indicative of the amount of work necessary to approve the product. In contrast to penicillin, for which two animal tests are made, a third critical test for histaminelike substances has to be performed on streptomycin. In other words, streptomycin is a toxic drug as compared to penicillin and, in addition, organisms against which this drug is directed often develop resistance when improper doses are used. It is extremely important, therefore, before certifying, to ascertain whether the product is correctly labeled for potency; is efficacious in the treatment of diseases for which recommended; that it does not contain fever-producing substances, or substances that will increase the blood pressure; and that the rate of deterioration is properly determined and shown on the label by a correct expiration date. Inspections of factories must be made to see that the manufacturers have facilities and controls necessary to manufacture the product properly.

The \$100,000 for streptomycin certification will cover personal services in 1948 of \$85,150 representing 24 positions in Washington and 3 in the field. These estimates of employment are based on experience gained with penicillin, taking into consideration the extra tests for streptomycin as described above.

The travel item of \$2,000 anticipates factory visits for the purpose of inspecting controls and facilities of the plants. This estimate and those for "Transportation of things" for \$150; "Communication services" for \$200; "Printing and binding" for \$300; and "Other contractual services" for \$400 are based on experience gained for similar obligations in our estimates for penicillin.

The estimate of \$7,000 for supplies covers the cost of animals and animal feed, volumetric glassware, pipettes, and other laboratory supplies required in testing streptomycin, as well as office supplies, while the equipment in the amount of \$4,800 is required to inaugurate and maintain this new service.

SALARIES AND EXPENSES

Dr. DUNBAR. Mr. Chairman and members of the committee, the first item I wish to present is that under the heading of "Salaries and expenses" which is the fund out of which we finance enforcement of the Federal Food and Drug Act and four other statutes of very much less importance than the Food and Drug Act.

AMOUNT OF BUDGET INCREASE

The budget estimated for an increase of \$244,300 in this item. We received an extremely courteous and very sympathetic hearing from the House committee; however, the increase was disallowed.

Frankly, in view of the very nice statement they made in their report, I hesitate to ask this committee to consider that item. However, it seems to me, Mr. Chairman, that I have an obligation to state to you very briefly the reasons why it was felt by us that an increase in the enforcement appropriation for 1948 was in order.

INSPECTION WORK

I have elaborated on that in the statement under our justification on pages 6 and 7 of the document you have before you, and I am not going to take the time at this late hour in the afternoon, other than to call your attention to the fact that the tremendous increase in the import traffic as a result of the cessation of hostilities abroad and renewal of ocean shipping is just one indication of the enormous obligation in regard to inspection that we are now incurring.

ENFORCEMENT PERSONNEL

Senator McKELLAR. How many people did you have last year and how many do you want to increase?

Dr. DUNBAR. I have that here, Senator McKellar.

For this particular item, I have the figures all the way back to 1941. In 1941, our total enforcement personnel was 833. In 1942, it was 840; in 1943, 859; in 1946, 908; and this year the authorized number are 994.

Senator KNOWLAND. What are you asking for?

Dr. DUNBAR. 1,038.

INCREASE IN ENFORCEMENT PERSONNEL REQUESTED

Senator KNOWLAND. What are you asking for 1948?

Dr. DUNBAR. An increase of 44 positions.

INCREASE IN WORK

I just want to point out one index of the increase in work and that is all I am going to ask you to listen to on that particular point. In 1945, there were 87,180 importations of foods, drugs, and cosmetics offered at our ports. In 1946, imports of those commodities increased to 124,000; that is practically a 50 percent increase.

Senator KNOWLAND. What were they in 1941.

Dr. DUNBAR. In 1941, I do not have the total import figures, Senator, but I do have the information that we inspected in 1941, the last year before Pearl Harbor, 15,434 import consignments of which 16 percent were illegal and were not permitted entry. In 1946, the percentage of illegal importations jumped to 23.8 percent.

EXTENT OF INSPECTION OF IMPORTATIONS

In other words, because of war-torn conditions in foreign countries, and the long storage in Asiatic and other countries, during the period when transportation was cut off, there resulted a tremendous amount of contamination with all kinds of filth due to improper storage of these products. They are now being shipped to our shores and will require extremely careful inspection. As a matter of fact, with our limited force we must make a highly selective type of inspection of importations. We cannot possibly, with the force of inspectors we have, cover every single importation, and we, therefore, operate on a selective basis and try to inspect 20 percent of all importations, and that is in addition to our interstate obligations.

With the recommended increase of \$244,300 we anticipated being able at least to maintain the present inspection level on imports and on domestic products in spite of the increased curve of importation.

PREWAR FIGURES

Senator KNOWLAND. I wonder if we can get the figures—I can understand the problem of the war—but say the 1938 figures which would

be the year before the outbreak of hostilities in Europe. I wonder if you could give us that so we could have some rough figures to compare.

Dr. DUNBAR. I am not at all sure that the figures that I could produce for 1938 would be comparable for the reason that this Food, Drug, and Cosmetic Act did not become fully effective until 1939, but I think I can give you for the record if you wish some figures on total importations during that period.

Senator KNOWLAND. Yes. The problem will probably arise on the floor if not in committee, and I would like at least to have the factual information.

Dr. DUNBAR. I will be glad to do that.

Senator KNOWLAND. That will be made a part of the record.

(The information is as follows:)

	Total import shipments	Total inspected	Released	Rejected	Percent rejected
1938-----	¹ 83,000	16,566	13,585	2,981	17.9
1939-----	¹ 82,000	16,352	13,557	2,795	17.1
1940-----	¹ 82,000	16,347	13,454	2,893	17.7
1941-----	¹ 77,000	15,434	12,829	2,605	16.8
1942-----	¹ 51,000	10,247	7,761	2,486	24.3
1943-----	¹ 80,000	16,044	12,589	3,455	21.5
1944-----	¹ 76,000	15,225	10,948	4,277	28.1
1945-----	87,180	19,549	14,594	4,955	25.3
1946-----	124,000	25,377	19,342	6,035	23.8
1947-----	¹ 140,000	¹ 28,000			
1948-----	¹ 150,000	¹ 30,000			

¹ Estimated only.

ASSISTANCE FROM GENERAL COUNSEL'S OFFICE

Dr. DUNBAR. That is all I have on that first item except, if I may, I would like to make this one comment which in a sense anticipates the statement by the general counsel, Mr. Tate. If the Food and Drug Administration has had any success in administering this law, and I think it is admitted that we have done a fairly good job, we must give a great deal of credit to the legal assistance we have received from the Food and Drug Division of the General Counsel's Office.

The food and drug law is a highly specialized type of practice. The General Counsel's force has been extremely successful, extremely industrious in preparing the necessary legal papers, handling the appellant briefs and other matters that we as chemists and inspectors are not qualified to do.

There has been a material cut in the General Counsel's appropriation, and I merely wanted while I was talking on that item to call your attention to the very serious import of a reduction in the General Counsel's force; that is, that part of the force which is engaged in the food and drug work.

That, Mr. Chairman, unless you have some questions, is all that I need to say, I think, in addition to my justification statement on that first item.

SALARIES, SEA-FOOD INSPECTORS

STANDARD CLASSIFICATION SCHEDULE

(The standard classification schedule is as follows:)

Salaries, sea-food inspectors, Food and Drug Administration

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	In- crease (+) or de- crease (-) 1948 esti- mate compared with 1947	In- crease (+) or de- crease (-) bill com- pared with esti- mate
01 Personal services:					
Departmental.....	\$2,176	\$2,251		+\$75	-\$2,251
Field.....	116,262	120,155		+3,893	-120,155
02 Travel.....	435	435			-435
03 Transportation of things.....	115	115			-115
04 Communication services.....	315	315			-315
05 Rents and utilities.....	15	15			-15
07 Other contractual services.....	620	620			-620
08 Supplies and materials.....	700	700			-700
09 Equipment.....	1,100	1,100			-1,000
Grand total obligations.....	121,738	125,706		+3,968	-125,706
Receipts from fees.....	-81,738	-85,706		-3,968	+85,706
Total appropriation or estimate.....	40,000	40,000			-40,000

Dr. DUNBAR. The second item I can discuss in a much briefer way. The item has to do with salaries of sea-food inspectors.

FINANCING OF SEA-FOOD INSPECTORS

An amendment to the Food and Drugs Act enacted some 20 years ago authorizes us to place resident inspectors in sea-food canning plants. Those canning shrimp and oysters are the only ones that have taken advantage of that authority. The law authorizes us to finance that service by collecting fees, but ever since 1937 the Congress has uniformly appropriated \$40,000 which pays for about one-third of that service, the balance being paid for on a fee basis by the inspected plants.

ITEM NOT ALLOWED BY HOUSE

The Appropriations Committee of the House disallowed that \$40,000. I have nothing more to say on that except to call your attention to the factual material in the justification.

Senator KNOWLAND. Have you used that \$40,000 each year?

Dr. DUNBAR. Oh, yes.

TOTAL COST OF INSPECTION

Senator KNOWLAND. What kind of an increase in fees would that have to amount to?

Dr. DUNBAR. The total cost of inspection, Mr. Chairman, amounts to about \$120,000 a year. The actual figure for 1948 is estimated at \$125,000 of which \$85,000 will be paid for by fees. The balance, if this \$40,000 is restored will be underwritten by the \$40,000 appropriated by the Congress. The fee that is charged is readjusted from time to time so as to cover any additional costs of inspection. For in-

stance, last year when Congress passed Public Law 390, increasing the compensation of employees, we amended the regulation so as to increase the fee to bring in sufficient funds to pay that increased salary cost.

The only cost to the Government in this particular item is the \$40,000 which has been conventionally appropriated ever since 1937 but has been disallowed by the House committee.

VALUE OF INSPECTION SERVICE

Senator KNOWLAND. That is quite valuable to the industry to have the inspectors there, is it not, because it prevents later condemnation?

Dr. DUNBAR. You are right, and as a matter of fact, Mr. Chairman, that is the reason the amendment was passed and it was passed at the instigation of the sea-food industry because back in the twenties conditions were so bad in the shrimp canning plants that a great deal of the products had to be seized after it was actually on the market. The canners were finding that they were simply spending their money in packing this product and the Government was turning around and seizing it. So, this amendment was pressed for by the sea-food industry and authorized us to set up this resident inspection system which has been very, very successful.

AUTHORITY TO INCREASE FEES

Senator KNOWLAND. Under what authority do you have to charge fees? Can you adjust your fees so that you could take care of the entire cost of it without further legislative action?

Dr. DUNBAR. Oh, yes. The total cost to the packer would rise about one-half. We have legal authority to collect the whole amount.

PER DIEM RATE FOR CERTAIN TEMPORARY SERVICES

Senator KNOWLAND. I want to call your attention to page 13 of the bill. Could you let us know what this \$75 per diem amounts to and what that is for?

Dr. DUNBAR. In our cases, particularly court cases involving adulteration of drug and medicinal products, it is frequently necessary to ask experienced physicians, highly trained in certain specialties to appear as Government witnesses.

Now, in every case where it is possible to do so we attempt to get them to serve at a very nominal fee which may be \$25 or \$50, but occasionally a medical expert whose services are extremely necessary to the presentation of the case may have to leave his practice in some city and absent himself for many days and you know the average doctor is not compensated even by \$75 a day for absence from his practice. Where the doctor feels it is necessary to get a larger compensation in order to reimburse him for the loss of his time from the office and where his services are absolutely necessary for the presentation of a case, this will give us the authority to pay that extra compensation which, of course, is paid out of our appropriation for the enforcement of the Food and Drug Act.

Mr. STEPHENS. We have that in the employment compensation cases, Mr. Chairman.

Senator KNOWLAND. That would apply to only non-Government witnesses?

Dr. DUNBAR. Oh, yes; our own people merely get their salaries.

Mr. Chairman, that completes that item unless there are some questions.

CERTIFICATION SERVICES, FOOD AND DRUG ADMINISTRATION

STANDARD CLASSIFICATION SCHEDULE

(The standard classification schedule is as follows:)

Certification services, Food and Drug Administration

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	In- crease (+) or de- crease (-) 1948 esti- mate compared with 1947	In- crease (+) or de- crease (-) bill com- pared with esti- mate
01 Personal services:					
Departmental.....	\$210, 219	\$286, 831	\$214, 031	+ \$76, 612	-\$72, 800
Field.....	50, 424	63, 526	51, 176	+13, 102	-12, 350
02 Travel.....	6, 000	8, 000	6, 000	+2, 000	-2, 000
03 Transportation of things.....	170	320	170	+150	-150
04 Communication services.....	230	430	230	+200	-200
06 Printing and binding.....	1, 000	1, 300	1, 000	+300	-300
07 Other contractual services.....	700	1, 600	1, 200	+900	-400
08 Supplies and materials.....	23, 500	30, 500	23, 500	+7, 000	-7, 000
09 Equipment.....	13, 765	17, 993	13, 193	+4, 228	-4, 800
Grand total obligations.....	306, 008	410, 500	310, 500	+104, 492	-100, 000
Transferred to "Salaries, Office of General Counsel, Federal Security Agency".....	+20, 500	+20, 500	+20, 500		
Excess of obligations over appropriation due to Pub- lic Law 390.....	-34, 508			+34, 508	
Total appropriation or estimate.....	¹ 292, 000	² 431, 000	331, 000	+139, 000	-100, 000

¹ Excludes supplemental estimates of \$40,000 in H. R. 2849; and \$15,000 in S. Doc. 24.

² Includes amendment of \$100,000 in S. Doc. 20 not presented to the House.

Dr. DUNBAR. Now, Mr. Chairman, I come to the third and last item and this is the kind of an item that appropriation committees like to hear about, because it is not going to cost the Government a red cent.

Senator KNOWLAND. That is most encouraging, almost too good to be true.

RECENT AMENDMENT RELATING TO STREPTOMYCIN

Dr. DUNBAR. I want to say right here to you gentlemen, that the action of the House and Senate in passing the streptomycin amendment is almost a record. Public Law 16, was recommended to the House and the Senate providing for the amendment of the Food, Drug and Cosmetic Act to authorize the pretesting of the one drug, streptomycin. Six weeks after we recommended that amendment, it was reported without amendment and without hearings by both the House and the Senate committees and passed both Houses almost immediately, which I think is practically a record for this session of Congress.

Senator KNOWLAND. It also shows the great confidence of the Congress in your agency.

Dr. DUNBAR. We hope that is true.

TESTING OPERATION IS SELF-SUPPORTING

That is an entirely self-supporting service. We are required under that amendment to pretest all streptomycin and streptomycin drugs before they are released for distribution and the whole cost of that testing operation is assessed against the manufacturer, and we are

Scotch enough to require them to pay in advance with their application for protesting.

They submit checks made out not to the Food and Drug Administration, but to the Treasury, in the full amount necessary to cover the testing costs. Those checks are endorsed to the Treasury and this item of \$100,000 we are asking for is merely asking for your authority to spend that money which has been paid to the Treasury, and the only reason we are coming to you, sir, instead of to the House is that the bill was not signed until March 10.

However, there is no difference of opinion between ourselves and the House.

IMPORTANCE OF STREPTOMYCIN WORK

This streptomycin work is extremely interesting and extremely important, and I have asked Dr. Henry Welch, who is in charge of our testing work, to come here today because I thought you might have some questions that you might like to ask.

We published the regulations for the enforcement of that amendment which, incidentally, is a supplement to the penicillin amendment passed a year ago, in the Federal Register for April 4; that is to say the act was approved March 10 and the regulations were published in the Federal Register on April 4, and those regulations provide for the size of the fee which we will charge.

That, Mr. Chairman, completes my testimony on that item.

I am sorry; Mr. Stephens tells me I am supposed to discuss travel, printing, and binding, too. Both of those items are, of course, in funds assigned to the Federal Security Administrator and then by him assigned to the various units of the Federal Security Agency.

TRAVEL EXPENSES

Now, according to the House action on a straight-across-the-board adjustment of the House appropriation for travel, the Food and Drug Administration will receive \$122,140 for official travel as contrasted with the estimated travel for the current fiscal year of \$190,000 and an estimate of \$197,000 for 1948. In other words, there will be a shortage of \$75,000 in our travel funds.

Now, travel is an absolutely necessary complement of law enforcement operations because our inspectors have to go where the factories are located. They have to go where the samples are to be obtained; they must travel to the ports, and they must travel to court trials, and sometimes it is necessary to send them across the United States.

DISTRICT OFFICES

Senator KNOWLAND. Do you have a regional office set-up?

Dr. DUNBAR. Yes; we have three districts. We have the eastern, central, and western districts. The western district has its headquarters in San Francisco. I do not know whether you want me to take time to describe our system, but we have 16 laboratories scattered throughout the United States.

Senator KNOWLAND. Could you furnish for the record where those laboratories are located?

Dr. DUNBAR. Yes.

Senator KNOWLAND. We would like to have that for the record.

(The information is as follows:)

Districts	Stations	Resident inspectors
EASTERN DISTRICT		
Headquarters, New York-----	New York 14, N. Y., 1200 United States Appraiser's Stores, 201 Varick St.	Newark 1, N. J., B 99 Post Office Bldg. Post Office Box 204.
	Atlanta 3, Ga., 416 New Post Office Bldg., Federal Annex.	Waterbury 51, Conn., 207 Post Office Bldg. Charleston, S. C., U. S. Engineer Bldg. No. 51. Charlotte 1, N. C., 233 Post Office Bldg., Post Office Box 1516. Jacksonville, Fla., 334 Post Office Bldg., Post Office Box 4937. Miami, Fla., c/o U. S. customs inspectors. Tampa, Fla., 117 U. S. Appraiser's Stores, Platt and Water Sts. Charleston, W. Va., 342 State Capitol Bldg.
	Baltimore 2, Md., 800 United States Appraiser's Stores, Gay and Lombard Sts.	Norfolk, Va., 289-290 Brokers' Exchange Bldg., Tazewell St. Washington, D. C., 4160 South Building of Agriculture, 12th and C Sts., SW. Roanoke, Va., 304 Post Office Bldg.
Beltsville, Md., veterinary laboratory.	Beltsville, Md.	Providence, R. I., 209 Main Post Office Bldg.
	Boston 10, Mass., 805 United States Appraiser's Stores, 408 Atlantic Ave.	Portland, Maine, 11 U. S. Customs Bldg., 312 Fore St. Springfield, Mass., 312 Federal Bldg. Pittsburgh, Pa. (substation), 303 Old Post Office Bldg. Harrisburg, Pa., 212 North 3d St., post office Box 546.
	Buffalo 3, N. Y.-----	
	Philadelphia 6, Pa., 1204 New Customhouse, 2d and Chestnut Sts.	
CENTRAL DISTRICT		
Headquarters, Chicago-----	Chicago 7, Ill., 1222 New Post Office Bldg.	Detroit 26, Mich., 311 United States Customhouse. Milwaukee 2, Wis., 361 Federal Bldg. Cleveland 13, Ohio, 2 New Post Office Bldg. Nashville 3, Tenn., 243 United States Customhouse. Indianapolis, Ind., 211 State Board of Health Bldg. Omaha 2, Nebr., 1504 Dodge St.
	Cincinnati 2, Ohio, 501 Post Office Bldg.	Des Moines, Iowa, 207 A Federal Office Bldg. Biloxi, Miss., 306 Post Office Bldg.
	Kansas City 6, Mo., 323 United States Court House, 811 Grand Ave.	Birmingham, Ala., Box 1649. Dallas 2, Tex., 557 Terminal Annex House. Houston 14, Tex. (substation), 1018 Federal Office Bldg. Shreveport 7, La., 925 Princess Pl. Memphis 1, Tenn., 326 United States Customhouse.
	Minneapolis 1, Minn., 209 Federal Office Bldg.	
	New Orleans 16, La., 222 United States Customhouse.	
	St. Louis, Mo., 1007 New Federal Bldg.	
WESTERN DISTRICT		
Headquarters, San Francisco--	San Francisco 2, Calif., 512 Federal Office Bldg.	Fresno, Calif., 9 Post Office Bldg. Sacramento, Calif., 2330 K St. Albuquerque, N. Mex., 514 Federal Post Office. Salt Lake City 1, Utah, A/O/B Federal Bldg. Phoenix, Ariz., 704 Security Bldg. San Diego 12, Calif., Post Office Box Box 1321. Butte, Mont., 215 Federal Bldg. Portland 9, Oreg. (substation), 315 United States Customhouse. Spokane 8, Wash., 417 Federal Bldg. Yakima, Wash., 301 North 2d St.
	Denver 2, Colo., 531 United States Customhouse.	
	Los Angeles 15, Calif., 514 California Medical Bldg.	
	Seattle 4, Wash., 501 Federal Office Bldg.	

NEED FOR TRAVEL FUNDS

Dr. DUNBAR. Now, if the work is to be effectively accomplished, certainly the travel must be accomplished also. This travel fund covers not merely railroad transportation, it covers the travel of our inspectors and their per diem when they go by official cars, and you know under the present conditions of transportation, the only effective way to cover and inspect territory is to reach the plants by official cars because the inspectors have to carry a large amount of sampling equipment and they have to transport samples.

That travel fund covers their travel by car in all parts of the country, radiating out from the 16 inspecting stations.

I think that is about all I have to say on that point.

QUESTIONS AS TO USING UNIVERSITIES ON CONTRACT

Senator KNOWLAND. Would it be feasible to use the facilities of universities throughout the country in various strategic locations on a contract basis rather than operating your laboratory?

Dr. DUNBAR. I rather doubt that, Senator, for the reason that the average university laboratory is hardly equipped for the highly specialized analytical work we are engaged in. They are ordinarily equipped for the teaching of freshman, sophomore, junior, and senior chemistry students and they have an entirely different type of laboratory equipment from what we would use.

We do our highly specialized laboratory work in Washington, such as our penicillin and streptomycin work, but the strictly chemical work and microscopic work is of a very wide variety and our laboratories are very well equipped.

With the appropriation this year we hope to be able to replace some of the worn-out and obsolete equipment that has run down during the war. I think we have enough laboratories at the present and it is merely a question of keeping our equipment up to date.

TESTS OF PENICILLIN

Senator KNOWLAND. Do you have the same system with penicillin that you have in streptomycin?

Dr. DUNBAR. Yes; except in the case of streptomycin there are about two additional tests that have to be made. In the case of penicillin, we test for potency by a very interesting procedure.

I wish you had the time to come to our laboratory. I think you would find it very interesting. We test for potency, toxicity, pyrogenicity—that is, the fever-producing effects—the moisture content, and sterility.

TESTS OF STREPTOMYCIN

Now, in the case of streptomycin, streptomycin is a more toxic drug than penicillin. I am going to ask Dr. Welch if he will not explain how they do that.

Dr. WELCH. Testing streptomycin we have to look for one other toxic substance, histamine, which lowers the blood pressure.

Senator McCARRAN. What does it do with reference to blood pressure?

Dr. DUNBAR. Histamine lowers the blood pressure.

Dr. WELCH. It is a substance that occurs every time you make a batch of streptomycin, and it is invariably present. The manufacturer gets it out. Usually the manufacturer eliminates it, and he tests his material as well as we do, but we reject probably between 2 and 3 percent of streptomycin made in this country on the basis of these tests as Dr. Dunbar has outlined.

INCREASE IN PRODUCTION OF STREPTOMYCIN

Senator KNOWLAND. Is the production moving upward?

Dr. WELCH. Production has gone from 25,000 grams per month when we first began doing this work a year ago to 408,900 grams per month at present.

Senator KNOWLAND. How about the cost?

Dr. WELCH. The cost has dropped from \$20 to \$3.80 per gram. That is comparable to penicillin, which started at \$20 and now is approximately 27 cents per 100,000 units.

FORMER CONTROL OF DISTRIBUTION OF STREPTOMYCIN

Senator McCARRAN. Some time ago I had occasion to try to get some of that for a case in southern Nevada, and I was advised that the Army had control of the entire output.

Dr. DUNBAR. That was true up to a very short time ago.

Senator McCARRAN. Has that been released now?

Dr. DUNBAR. Yes.

Dr. WELCH. It was released 5 months ago. Actually, the Army did not have control of it. It was under control of the Civilian Production Administration, but the Army took the great bulk of it because the use of streptomycin was extremely desirable in paraplegia cases where the men were struck by machine-gun fire, severing the spinal cord and thus losing complete control below the hips and so-called gram-negative bladder infections developed. Streptomycin was very valuable in treating those cases. We had about 1,200 of them in the Army, and they are all treated, and are still being treated.

PRODUCTION OF STREPTOMYCIN

Senator McCARRAN. Is that now being put out by private laboratories?

Dr. DUNBAR. Oh, yes. There is one plant that is manufacturing in quantity. Another is just opening a plant, the middle of next month, I believe.

Dr. WELCH. Yes. We have what we call one basic producer and 10 in pilot-plant production.

Dr. DUNBAR. They are what we call pilot-plant production but they are increasing. I do not know whether you caught the figure the doctor referred to. A year ago, in 1946, 19,000 grams a month, I think, was the figure. Today, last month, it was 250,000 grams, I believe.

Dr. WELCH. 408,000 grams. That is similar to the way penicillin was produced, because in 1942 there was not enough penicillin to treat a single case. In 1943 we had enough to treat 100 cases and on D-day there was enough to supply all of the armed forces of our Army and the Allied forces. Today the production is very much higher, 3,000 billion units per month from 15 basic manufacturers.

COST OF STREPTOMYCIN

Senator KNOWLAND. What were those figures on streptomycin costs?

Dr. WELCH. Streptomycin was \$20 per gram when it was first used and now it is \$3.80. It should drop tremendously more than that to become a really available drug for the use we hope to see it put to, and that is in regard to tuberculosis.

Dr. DUNBAR. That is wholesale price.

USE OF STREPTOMYCIN IN TUBERCULAR CASES

Senator McCARRAN. This may not be a proper course of inquiry, but what has been your observation as regards the effect of streptomycin on tuberculosis patients?

Dr. WELCH. Definitely it will have a place in tuberculosis but not the place that penicillin has in other fields. However, it will be a useful drug.

Senator McCARRAN. Does it allay it?

Dr. WELCH. In cases of tubercular meningitis, we get cures. Unfortunately, you have to use a lot of it over a long period of time, and we figure on 180 to 300 grams per case. At \$20 a gram it is expensive, but the time will come when it will get well under \$1, and then it will be possible to treat a lot of cases, and we will know more about it by that time.

Mr. STEPHENS. Mr. Chairman, I think the committee will be interested to know that you have received a document from the President for \$1,000,000 for additional research on tuberculosis. It just arrived since noon, and when Public Health comes up they will justify that item.

Senator KNOWLAND. Yes.

PRINTING AND BINDING

Dr. DUNBAR. I have one more item to cover, and that is the Food and Drug Administration's part of the printing and binding fund. The estimate for 1948 was \$29,700. The total anticipated cost for printing this year is \$21,320.

In view of the House reduction of the printing and binding fund, the Food and Drug Administration's share of the printing and binding fund would be approximately \$17,600, or \$3,650 in round numbers less than the 1947 figure. Costs of printing are going up, of course, not down. We are required by law to print a great many documents.

USE OF FUNDS FOR PRINTING AND BINDING

This sort of thing that I have in my hand here is printed under the Administrative Procedure Act, Senator McCarran. While you were out of the room, I called attention to the fact that on April 4 we published in the April 4 number of the Federal Register the regulations for the certification of streptomycin.

Of course, we have to buy sufficient copies of publications like this to supply the interested manufacturer. We have to print notices of judgment describing the termination of legal cases, and we have to print a great many copies of the statutes, the Food and Drug Act, and other laws because it is part of our constructive work to keep man-

ufacturers who are shipping within the jurisdiction of the law informed as to what their obligations are.

Right now we have a backlog of completed cases on which notices of judgment have to be published and we do not have funds enough to do it. The estimate for printing was carefully figured on what the requirements would be to carry on the legally authorized obligations in regard to printing, binding, and like expenses for the fiscal year 1948.

I am making that statement regarding our own requirements. It does not cover the whole Agency's printing, binding, and travel funds. As I said, the printing of notices of judgment is required by the statutes.

Senator KNOWLAND. Any questions?

Senator McCARRAN. I have no questions.

BUREAU OF LABOR STATISTICS

ACTIVITIES TO BE CONTINUED AND DISCONTINUED UNDER AMOUNT ALLOWED BY HOUSE

(See p. 118)

Senator KNOWLAND. I will offer for the record at this point a letter, with enclosure, from the Bureau of Labor Statistics, submitting a list of activities that could continue and a list of activities that could not continue under the bill as passed by the House.

(The letter and enclosure referred to follow:)

DEPARTMENT OF LABOR,
BUREAU OF LABOR STATISTICS,
Washington 25, April 11, 1947.

Hon. WILLIAM F. KNOWLAND,
United States Senate, Washington, D. C.

MY DEAR SENATOR KNOWLAND: Toward the close of our hearings, you asked that the Bureau of Labor Statistics provide you with a list of the activities that it could continue, under H. R. 2700, as well as those which it would have to discontinue. That list is enclosed with this letter, with copies for the members of the subcommittee.

May I say, in explanation, that this list is necessarily tentative, because of the short period of time which we have had since the passage of H. R. 2700 by the House.

You will see that we would prepare to retain the national series, and, as a rule, to drop State and local statistics, except in those cases where they are essential to the national averages, as, for example, in the Consumers' Price Index.

It is impossible to convey to the committee, in such a list, the loss of speed and frequency which such a drastic curtailment implies. I am sure that, if you were on the telephone, as I am, answering queries from the public, you would be impressed with the pressure we encounter for timeliness and up-to-dateness. You can appreciate that it is easier to organize to handle peak loads efficiently with a staff of fair size than with a small one.

Finally, I cannot readily explain, in so abbreviated a form, my apprehension over loss of quality and even reliability in some of these statistics. For example, further careful tests will be needed to determine whether we can produce sufficiently reliable national totals on housing and construction without data on the local areas which we would have to eliminate. It might well prove necessary to discontinue these reports altogether, should their reliability be impaired, because we are unwilling to issue data that are doubtful in quality.

We are suggesting no reduction in printing or in our publications staff which, in my opinion are quite inadequate for our Agency whose product is information for the public use. As you know printing costs have increased greatly; 25 percent since these original estimates were submitted.

There are certain costs such as my own office which cannot be cut in direct proportion, and for that reason the reduction in programs must be some somewhat greater than 60 percent.

Very truly yours,

EWAN CLAGUE,
Commissioner of Labor Statistics.

Enclosures.

UNITED STATES DEPARTMENT OF LABOR

BUREAU OF LABOR STATISTICS

WASHINGTON 25, D. C.

ACTIVITIES TO BE CONTINUED AND DISCONTINUED UNDER APPROPRIATION OF
\$2,373,400, AS PROVIDED IN H. R. 270

TENTATIVE LIST

Prices and cost of living

1. Consumers' Price Index: Continue consumers' price indexes nationally and for 34 cities quarterly only, with a 7- to 8-week delay in publication as compared with 4 to 5 weeks at present;

Discontinue monthly indexes nationally and for 21 cities for the 8 months between the quarterly dates.

Food Prices at Retail: Continue quarterly only in 34 large cities; discontinue entirely in 22 cities and eliminate monthly indexes in 34 cities in the 8 months between quarters.

2. Rents: Continue surveys on an annual basis in 34 cities; discontinue the other semiannual field survey, instead of quarterly as requested.

3. Consumers' Price Check: Continue in three cities as essential to accuracy of the Consumers' Price Index.

4. City Worker's Family Budget: Discontinue.

5. Technical Assistance to States on Consumers' Price Index: Discontinue in large part.

6. Wholesale price indexes:

(a) Continue monthly index, using 700 price series (eliminating about 200); eliminate a number of group indexes and special indexes for escalator clauses; great delay in completion of long-needed revision, scheduled for completion in fiscal 1948, last made in 1937.

(b) Continuation of the weekly index is also doubtful.

(c) Wholesale price indexes for six industry groups, including the major machinery industries, often used in escalator clauses: Discontinue.

7. Daily indexes of basic commodity prices: Discontinue.

8. Export-import prices indexes, for use by International Monetary Fund: Discontinue.

9. Dealer-to-contractor prices of 42 building materials in 53 cities: Discontinue.

Wage Studies

1. Industry wage studies: Continue studies of occupational wage rates for key occupations in major industries on a national and broad regional basis at only 10-year intervals, not 5-year cycles as at present; reduction of coverage by two-thirds. At 10-year intervals data would be obsolete much of the time. No provision for current up-to-date surveys possible.

Discontinue local wage rate data from those studies for cities of over 100,000 population; also discontinue all assistance given locally in dispute cases by the Bureau of Labor Statistics' regional collection offices.

2. Special wage studies: Spot studies of rates at request of arbitrators, mediators, growing out of dispute cases. Discontinue almost entirely.

Studies of important and highly localized industries, e. g., potteries, must be discontinued.

Studies of special wage problems, e. g., guaranteed annual wages, as requested of Department by recent Executive order, earnings of professional workers. Cannot be done.

3. Union wage scales in five industries: Construction, baking, printing, trucking and city transportation in 75 cities (since 1907). Must be severely restricted.

4. Wage rate trends, as measured by index of urban wage rates: Discontinue with loss of all reports on wage rate trends.

Employment and construction statistics

Employment, pay rolls, hours, and earnings

1. National reports on employment, pay rolls, average hours, and weekly and hourly earnings by industry, monthly: Continue, but not on present basis; would greatly reduce coverage of plants and number of industries for which detailed reports are shown; would be published later than at present. Discontinue all special industry tabulations.

2. State statistics on employment, pay rolls, etc., in cooperation with State agencies: Discontinue State statistics compiled entirely by the Bureau of Labor Statistics in 22 noncontract States; discontinue all technical services and tabulating assistance to 26 cooperating State agencies, thereby making it impossible for some of these States to continue their statistics.

3. Labor turn-over, monthly: Continue on reduced basis.

Housing and construction

5. Total volume of construction expenditures, nationally, monthly for all types of building, public works, and other construction (jointly with Department of Commerce): Continue but with loss of reliability in absence of current information on suburban building. Discontinue National and State series on employment by building contractors. Continue total construction employment for Nation as a whole, but with greatly reduced reliability.

6. National housing—total number of dwellings started and completed: Discontinue. Could retain only building-permit reports giving incomplete coverage of building within city limits. No information provided on housing construction in suburban areas.

7. Area housing and construction reports, monthly on total value, volume, and characteristics of housing in 59 areas: Discontinue.

8. Labor requirements for manufacture of building materials: Discontinue.

Occupational-outlook studies

1. Occupational-outlook studies: Continue at a rate of about 6 studies for broad occupational groups per year rather than 20, with elimination of background data now used in studies for veteran placement.

2 and 3. General employment outlook and labor-supply analysis: Continue.

Productivity and technological developments

1. Indexes of productivity, based on secondary data on total production and man-hours (mostly in consumer-goods industries): Continue for most of 34 industries now covered, but on a limited basis.

Discontinue part of studies on technological developments.

2. Changes in productivity as measured by direct reports from manufacturers (direct productivity reports) in producer-goods industries: Discontinue.

Industrial relations

1. Number of labor management disputes and number of workers involved, monthly: Continue; reduce detailed tabulations on states and areas where disputes occur, and causes of disputes.

2. Collective-bargaining agreements: Maintain file of agreements, but on a less complete basis; produce fewer bulletins; greatly curtail amount of information provided on typical clauses for use in dispute cases by management, labor and conciliators.

2b and 3. Special studies: Discontinue.

Industrial hazards

1. Annual surveys of industrial accidents: Continue.

2. Quarterly surveys giving monthly data: Discontinue.

3. Technical statistical assistance to State agencies, on their statistics of accidents—usually joint programs: Continue on a very limited basis, with no assistance for other States which have recently requested it.

4. Studies of causes of accidents in high accident-rate industries: Continue one (not two) a year.

International labor conditions

1. Services to the Department of Labor and other governmental agencies in connection with departmental representation on interagency committees and international organizations: Continue.

2. Analysis, reports and studies for publication: Discontinue almost entirely.

Senator KNOWLAND. We will recess at this time until 10 o'clock Monday morning.

(Thereupon, at 4:30 p. m., Friday, April 11, 1947, the subcommittee adjourned until 10 a. m., Monday, April 14, 1947.)

LABOR-FEDERAL SECURITY APPROPRIATION BILL, 1948

MONDAY, APRIL 14, 1947

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS.
Washington, D. C.

The subcommittee met at 10 a. m., pursuant to adjournment, in the Senate Appropriations Committee room, the Capitol, Senator William F. Knowland presiding.

Present: Senators Knowland, Young, Dworshak, McKellar, and McCarran.

Present also: Senator Cooper.

DEPARTMENT OF LABOR

BUREAU OF LABOR STATISTICS

LETTER FROM SECRETARY SCHWELLENBACH

Senator KNOWLAND. The hour of 10 o'clock having arrived, the committee will come to order.

First of all, I wish to put into the record a letter I received this morning from Mr. Schwellenbach, the Secretary of Labor, supplying certain information which the committee had requested on the Bureau of Labor Statistics.

(The letter is as follows:)

DEPARTMENT OF LABOR,
OFFICE OF THE SECRETARY,
Washington, April 12, 1947.

The Honorable WILLIAM F. KNOWLAND.

United States Senate, Washington, D. C.

MY DEAR SENATOR KNOWLAND: On last Wednesday afternoon I testified before your committee on the proposed budget of the Labor Department for the coming fiscal year. I want to express to you and to the members of the committee my deep appreciation for the fair and courteous treatment which I received.

In the course of the hearings there were several references by you and by one or two other members of the committee to the rapid growth of the Labor Department and of some of its bureaus since prewar days. In my testimony I believe I brought out sufficiently the fact that the problems of labor and industry are many times greater now than they were before the war, and that the true test of any budget is the demonstrated need for the services of the Department during the years that lie ahead.

However, as I reflected afterward on this question of growth, it struck me that the comparison was not a valid one. There were large special costs incurred during those years which were not a part of the regular appropriations of Government agencies, but which, on a much smaller basis, now are included. It was during those prewar years 1934-40 that I served in the Senate. It seems to me that we were continually being handicapped by lack of adequate information on which to make decisions. There was too little regular flow of information on employment, unemployment, and other problems of that day. I can recall a number of occasions when the Senate approved very large appropriations for the compilation of statistical data that could, I am sure, have been obtained on a

regular basis with much less cost and with much greater efficiency. There are several of these large, special projects which still stand out in my memory.

First, we did not know the number of unemployed. There were a number of official and unofficial estimates of unemployment, but these differed from each other as widely as several millions of persons. So it was necessary to finance an unemployment census which was done in 1937 under the direction of Mr. Biggers. It was a large undertaking, costing several millions of dollars. When the unemployment census was completed, we knew the number of unemployed for the moment, but a year later it was out of date. By contrast, we now have current estimates of the number employed and unemployed every month, not only for the country as a whole but also for individual States. These data are available when the Congress needs them, and their total cost month after month over several years is probably less than the money we spent at that time.

Another project on which a good many millions of dollars were spent was an examination of the income status of American families. This was a project that was carried on under the National Resources Planning Board, with the work being done jointly by the Bureau of Labor Statistics and the Bureau of Agricultural Economics. It provided the only data we had during the long period following World War I on how much families had to live on, and what the country had to produce to make it possible for them to continue to live on that standard. In addition, these surveys were later used, I am told, as a basis for some of the current statistics now being calculated by the several Government agencies, such as national income and consumers' prices. Such information would have been very helpful during the trying times we spent from 1933-37. It has since turned out to be of tremendous value to labor, to business, and to the Government. Such surveys could be done on a continuous basis at a much smaller cost. Some of this was in our minds when approval was given in the Department to the request of the Bureau of Labor Statistics to continue these studies on a small and efficient basis next year, if the Congress would agree.

Another problem which concerned us in those days was the effect of public works, both directly and indirectly, in creating and maintaining employment. There were no satisfactory figures on the volume of public or private building construction or the employment growing out of it. It was necessary to get much detailed information on the amount of building going on in the country as well as more precise data on employment in that industry. Several millions of dollars were spent over a period of several years developing this information. Since becoming Secretary of Labor, I have learned that much of this money was expended under the supervision of the staff of the Bureau of Labor Statistics, although not a penny of these funds appeared in the Bureau's regular appropriations. At present, construction and housing statistics are being issued on a continuing basis, month after month, for the country as a whole and for many cities.

Over and over again in the hearings, it has been stated that the regular appropriations of the Bureau of Labor Statistics in the prewar years were around \$1,000,000 or under, which is far below the amount the Bureau now has appropriated to it. This comparison of direct appropriations in the two periods completely overlooks the fact that the Bureau then had large allocations and working funds from other agencies, amounting in some years to far more than the Bureau's regular appropriation. I have had prepared a table showing the total funds available to the Bureau of Labor Statistics during the past 10 years.

Year	Salaries and expenses		Reimbursable and working funds	Grand total, all funds (including nonlabor)
	Regular	National defense		
1937.....	850,000	-----	1,713,987	2,697,488
1938.....	784,000	-----	620,830	1,639,236
1939.....	828,900	-----	1,077,426	2,131,348
1940.....	1,012,500	-----	2,173,218	3,437,092
1941.....	1,107,580	-----	2,005,997	3,392,855
1942.....	1,080,590	287,980	1,300,628	2,944,480
1943.....	1,207,203	1,000,518	2,142,761	4,585,994
1944.....	1,312,300	1,365,400	1,893,941	4,813,440
1945.....	1,312,300	2,672,400	1,590,733	5,869,115
1946.....	1,492,420	2,780,576	973,863	5,626,571
1947, including Public Law 390.....	5,569,793	-----	888,198	7,376,027

At the present time the working funds available to the Bureau have largely disappeared; for the 1948 fiscal year the only amount in sight is a small reimbursement from the Veterans' Administration.

Some of these funds, both in the war and prewar years, were for special projects of a temporary character for other agencies. On the other hand, many of the funds were for fundamental work in developing information and statistical data which serve as a foundation for continuing series which exist today. For example, the consumers' price indexes, which are of critical importance at this very moment, are based entirely upon the work performed with these working funds which the Bureau had back in 1936-37. Likewise, the housing and construction statistics which we are now issuing every month are based upon the exhaustive work which was done with special funds during the period 1937-41. So, in making prewar comparisons, you should take into account the work being done by the Bureau of Labor Statistics with funds which were not a part of its regular appropriation.

There are undoubtedly many other illustrations. After our session the other afternoon I want to emphasize that the important question is how the current expenditures and the results we obtain from them compare with the total costs over a period of time of providing the kinds of information we need by the method of special appropriations for last-minute emergencies.

I appreciate your patience and that of the committee in discussing this problem with us. I hope you may find these thoughts of some value in your consideration of the Labor Department's appropriation.

Yours very truly,

L. B. SCHWELLENBACH,
Secretary of Labor.

STATEMENT OF WILLIAM GREEN, PRESIDENT, AMERICAN FEDERATION OF LABOR

DISCUSSION OF NEEDS OF LABOR DEPARTMENT AND COMPARISON WITH EXPENDITURES AND BUDGETS OF OTHER DEPARTMENTS

Senator KNOWLAND. The first witness we have this morning is Mr. William Green, president of the American Federation of Labor.

You may proceed, Mr. Green.

Mr. GREEN. Mr. Chairman, I have a prepared statement which I would be pleased to submit, but I do not think it is necessary for me to read it all. I will, therefore, submit some pages that deal specifically with some important matters that I think should be brought to your attention and the attention of the subcommittee, and if it is agreeable with you I will then submit the balance of the statement for the record.

Senator KNOWLAND. You may proceed on that basis.

Mr. GREEN. The Department of Labor is the special agency in the executive branch of the Federal Government created to promote the welfare of wage earners and to provide them with information. The American Federation of Labor, upon its organization in 1881, asked for a Federal Bureau of Labor Statistics in order to have facts to determine workers' progress. When that was accomplished we began our long campaign to secure a Department of Labor, so that we might have a representative in the President's Cabinet.

That objective was achieved when President Taft signed the Organic Act of the Department of Labor at the end of his administration so that the Department was initiated in the Wilson administration, with Hon. W. B. Wilson, of the United Mine Workers of America, at its head.

EARLY FUNCTIONS OF DEPARTMENT OF LABOR

The Department of Labor was given these functions: to foster, promote, and develop the welfare of wage earners in the United States; to improve their working conditions; and to advance their opportunities for profitable employment. To this Department we have given support and counsel. We have looked upon it as the Federal agency through which the needs and aspirations of workers would be represented in the formulation of national policies. We have not always approved all policies followed or felt that all responsible officials understood equally well union problems and policies.

But we have the abiding conviction that our important responsibility is to support the Department and help to assure it adequate appropriations for effective functioning in our behalf, for the Department's function is to promote the welfare of more than 40,000,000 wage earners and salaried workers. The welfare of these workers lies at the heart of national welfare.

The adequacy of appropriations for the Department of Labor can best be judged by comparing this appropriation with the appropriations for the Departments of Commerce and Agriculture. The mere size of the appropriation or the fact that it follows custom is no evidence of adequacy. Nor is reduction in amounts below those submitted by the President and approved by the Budget Bureau evidence of economy. On the contrary, reduction in services and discontinuance of data needed for wise guidance of policies may prove most costly.

For example, the American Federation of Labor has counseled its unions to increase output and productivity as the basis for demanding wage increases. The effectiveness of this advice is conditioned by the availability of current data on productivity, which, in turn, depends on adequate appropriation.

There was never a time when so much depended upon the ability of United States industries to maintain production without interruptions by labor disputes, whether due to management or unions. The conflicts growing out of the problems of war settlements are just as fiercely contested and just as crucial to permanent peace as war itself. Unless we win these conflicts we lose what we have gained.

ADEQUATE APPROPRIATIONS URGED

We urge adequate appropriations for essential functions of the Department of Labor to enable the Department to provide information and conciliation services that will promote satisfactory solutions of problems. It is not economy to paralyze the services that can assist management and labor to effect wise adjustments. The Department and its functions represent something infinitely more important than personalities and personal shortcomings. The remedy for such evils lies through remedies other than withholding of appropriations for necessary services.

A comparison of the funds appropriated for the United States Labor Department with the expenditures and appropriations for other Federal departments shows that Labor Department funds are pitifully small. The total budget of the Labor Department as

passed by the House of Representatives on March 25, 1947 (H. R. 2700), is \$89,864,200, or just under \$90,000,000, to meet the needs of some 40,000,000 workers. The Department of Agriculture, on the other hand, is asking for \$176,000,000 for services to 6,000,000 farmers in the fiscal year 1948, and received appropriations of \$290,000,000 in fiscal 1947, according to the Department's estimates. This figure covers such services for farmers as research, soil conservation, regulatory and control services, extension service, and the marketing service. Thus the House has appropriated for the Labor Department less than \$2.25 per worker, while a sum of \$29 per farmer is being considered by Congress for the services of the Department of Agriculture.

In addition to \$29 per farmer, several hundred million dollars are appropriated yearly for the Department of Agriculture for direct payments to farmers for conservation, also for loans and crop insurance.

Still further, the farmer has about \$48,000,000 appropriated to his Department to buy surplus agricultural farm commodities, and several hundred million dollars of Federal funds are available to the Commodity Credit Corporation to purchase surplus farm crops in order to maintain farm prices and farmers' incomes.

The service rendered to farmers by the Federal Government brings them great benefit and is to be highly commended. It amounts to, in all, much more than \$100 per farmer per year. For the workers' Department, on the other hand, with its \$2.25 per worker, the House has provided that the major part of its appropriation, \$71,728,000, shall be passed on to the States for the State offices of the Employment Service, leaving only 45 cents per worker—\$18,136,000—for the services of the Federal Department of Labor.

COMPARISON OF BUDGET REQUESTS OF LABOR AND AGRICULTURE FOR RESEARCH

Considering these appropriations in more detail, we find that the Department of Agriculture spent \$38,800,000 last year and is asking \$41,000,000 this year for research to assist the farmer in combating pests and diseases, and meeting other problems that affect his ability to earn a living. The Labor Department, on the other hand, has been allowed only \$2,373,400 for the research work of the Bureau of Labor Statistics to give the worker facts on wages, hours, employment, working conditions, living costs, productivity, and other matters which affect his ability to earn an income. The Federal Government which provided \$6.46 per farmer for research, fiscal 1947, is appropriating less than 6 cents per worker for research according to H. R. 2700.

It is significant, too, that while the Federal Government is spending in fiscal 1947 some \$4,936,000 and asking more than \$6,000,000 in fiscal 1948 for the protection of migratory birds and other wildlife, the House has appropriated only \$4,057,400 to protect workers' minimum-wage standards through the Fair Labor Standards Act, and nothing whatever to enable the United States Employment Service to maintain standards in the agencies on which workers depend for jobs and employers for labor supply.

COMMERCE DEPARTMENT COMPARED

Comparing House appropriations for the Labor Department, 1948, with the budget of the Commerce Department, which is the business Department of the Government where business interests are served, for 1947, we find the following:

The Commerce Department budget provides more than 10 million dollars for the Bureau of Foreign and Domestic Commerce and almost 12.5 million dollars for the Census Bureau's research work, while the House has not even permitted 2.5 million dollars for the vital research work of the Bureau of Labor Statistics. The Commerce Department serves 3.5 million businesses, while the Labor Department must furnish research information for 40 million wage earners.

Also, the budget of the Commerce Department for 1947 provided more than 11.5 million dollars for the Bureau of Standards and \$8,000,000 for the Patent Office—both vital services for business—while the House appropriation allows only \$2,015,600 for apprentice training in the Labor Department and only \$4,057,400 for administration of the Wages and Hours Act—vital services for labor.

BUREAU OF LABOR STATISTICS

The American Federation of Labor favors economy in Government, but we believe the cut of 43 percent below the Bureau of Labor Statistics' budget estimate is unwise and wasteful.

The Bureau of Labor Statistics is at present providing more than half of the over-all economic statistics outside the field of finance and agriculture necessary to the Council of Economic Advisors, to sound legislative planning, to business analysts, labor arbitrators, and labor and management in negotiations.

Gentlemen, when you are figuring in terms of a budget of more than 30 billions of dollars a saving of 3 million dollars is pitifully small, and in terms of value received is uneconomical. That cut amounts to only one-hundredth of 1 percent of your total proposed Federal budget, yet you will be depriving yourselves of statistics and tools absolutely imperative to your own legislative work and to sound planning by both business and labor.

I would like to briefly point up some of the important work of the Bureau that will be eliminated or rendered worthless by this drastic cut.

First of all I wish to defend the major activities of the BLS. These activities are of less direct value to labor but are essential to you as legislators and to sound governmental and business administration.

EMPLOYMENT AND OCCUPATIONAL OUTLOOK

Today everyone is talking about the coming recession. It has been called the most advertised depression in history. If this country starts down the road to economic depression the first facts that statesmen will need are exact and detailed employment statistics not only on the national level but by industry and locality. A comprehensive program costs \$1,000,000 as estimated by the BLS. A single national employment figure is virtually useless for economic analysis. You

must know in what industry and in what locality the sickness of depression is breaking out so that effective action can be taken before the disease spreads and pulls down the whole economy. It takes many, many months to train personnel and to organize such a statistical program.

To wait until depression is imminent is folly. Adequate information should be immediately and currently available so that at the first signs of economic recession in any industry and in any locality, preventive action can be taken. The Employment and Occupational Outlook Branch of the BLS has just reached a point after a year and a half of developmental work where useful information by industry and locality in the United States would be available.

PRICES AND COST OF LIVING

During the war and in the immediate postwar period no Government statistics were as widely used as the prices and cost-of-living indexes. Now that wartime wage regulations based on the cost-of-living are no longer in effect the unions are only too glad to place this index in the background of collective bargaining.

However, both the consumers' price index and the wholesale price index are absolutely necessary to economic analysis and planning by both Government and private groups.

WAGES

The wage rate studies of the BLS are of little use to unions in collective bargaining, but such information is vital data to intelligent economic analysis. Where the Wage Branch of the BLS can make its most significant contribution to industrial peace is in doing spot studies for specific negotiations for arbitrators and union and management upon request. Spot studies cost money, but since Congress desires industrial peace and contemplates legislation promoting peaceful settlements of industrial disputes, it must also be willing to provide the money necessary to make available impartial specific information to the negotiators. Industrial peace will be jeopardized by withholding facts from the bargaining table.

HOUSING AND CONSTRUCTION

I don't think there is any of you who would minimize the importance of the housing statistics, the construction volume, and the labor requirements studies to the national housing program. Such facts cost money. A serious budget cut would result in the discontinuance of all local information.

PRODUCTIVITY

We feel that impartial information is essential in the controversial field of productivity and unit labor cost analysis. The proposed budget cut would curtail BLS activities in this field.

FOREIGN LABOR STATISTICS

The United States is involved in international affairs as never before in history. We need more, not less, accurate data so that the Government will be able to make sound decisions in international policy. The BLS foreign labor staff is at present ridiculously small in the light of critical needs for their services.

Now I would like to discuss two aspects of the work of the Bureau of Labor Statistics that are of extreme importance to labor.

INDUSTRIAL HAZARDS AND WORKING CONDITIONS

First, in the organic act of 1913 that established the Department of Labor, the Department was charged with responsibility for the improvement of working conditions. Yet the Industrial Hazards and Working Conditions Branch of the Bureau of Labor Statistics has not had funds to do the kind of job that should be done. This Branch has been able to do little more than get the bare statistics on the number, frequency, and severity of industrial accidents.

Accident statistics are barren. It is the study of accident causes that give those statistics meaning and provide management and labor with the intelligence necessary to develop safety programs that will prevent the human waste resulting from unnecessary accidents.

This Branch is only able to conduct two accident cause studies a year with a tiny staff of four people. One of their recent studies on accident causes in the brewery industry resulted in an industry-wide employers' program of accident prevention that will mean a saving of untold thousands of man-hours and production dollars. Even under their present budget this Branch is now completing a study of handicapped workers and also a study of the effects of long working hours on efficiency absenteeism, output, injuries, and turnover. This is very important for plant managers and union officials. The Branch will be prevented by cuts from making proposed studies on older workers, effects of shift rotation, effects of temperature and humidity, effects of working conditions on illness, and effects of speed-up systems on efficiency. These are not general, barren statistics, but the heart and blood of our industrial process and one of the prime responsibilities of the Department of Labor.

If the word Labor in the title of the Bureau is not a misnomer, then this Branch which should, but at present cannot, deal properly with working conditions, should have its budget increased, not cut.

INDUSTRIAL RELATIONS

The second aspect of the BLS program that is of direct importance to labor is that of the Industrial Relations Branch. Instead of focusing on strike statistics, studies should be made of conditions resulting in industrial peace and in the development of sound industrial relations in this country. The work of this Branch when properly directed and expanded should be extended into studying those areas of industry where industrial peace reigns, and then their findings on the causes and techniques used to gain mature industrial relations should be passed on to others. They should be allowed to continue their

study of various types of union contract provisions so that we may all profit by the experience of others.

Industrial harmony will not be gained by suppression of information, but will be greatly aided by careful impartial analysis and exposition of all the facts of industrial relations.

Appropriations for separate studies should not be earmarked so that economies effected in one place can be used where most needed.

Speaking for 7,500,000 members of the American Federation of Labor I strongly recommend that you provide adequately for this important Government service.

Now, in the balance of the statement I deal with a number of the departmental agencies such as the Wage and Hour Division, United States Employment Service, United States Conciliation Service, Apprenticeship Training, Labor Standards Division, Women's Bureau, Federal Security Agency, the Social Security Administration, and other agencies.

I hardly think it is necessary for me to read them, Mr. Chairman, so I will be very glad to have them incorporated in the record.

Senator KNOWLAND. The rest of your statement will go in the record and be available for the committee.

(The information is as follows:)

WAGE AND HOUR DIVISION

The Wage and Hour and Public Contracts Division of the Department of Labor was denied \$1,200,847 of its 1948 budget by the House of Representatives. The full amount of \$4,803,100 is the minimum essential to provide for the efficient and proper administration of the present functions of the agency. We ask that the cut made by the House be restored.

This Division is responsible for the enforcement of the Fair Labor Standards Act and the Public Contracts Act. The degree of effectiveness with which the Division is able to carry out its duties depends on the number of inspections it is able to make. This in turn depends on the number of inspectors the Division is able to maintain on its staff. The size of the Division's inspection staff is controlled by the funds available to the agency for the payment of salaries.

It is estimated that this reduction of over \$1,200,000 will mean a 25-percent reduction in the number of inspections from the already pitifully low figure of 44,000 inspections carried out in the fiscal year 1946 to 33,000 the reduced appropriation would permit. Since there are approximately 550,000 establishments covered by the Fair Labor Standards Act alone, this 25-percent reduction would permit only a 6 percent coverage by this law-enforcement agency each year.

This reduction has been urged on the ground that enforcement of these two laws no longer requires the same number of inspections as in former years. It is argued that enforcement in prior years has served to educate employers in the compliance with the act. However, the record of violations proves this argument to be wholly unfounded. For example, during 1946, more than half of the establishments inspected were found to be in violation of one or more of the act's major provisions concerning minimum wage, overtime, or child labor. This is conclusive evidence that violations continue to run as high as in previous years and that there is continuing pressing need for enforcement.

The great purposes behind the passage of this legislation in 1938 apply with equal force today. However, these purposes of the statute will not be carried out unless adequate enforcement can be maintained. This will not be accomplished unless action is taken to restore the budget cuts approved by the House.

USES

It has been the experience of all industrial nations that effective operation of their economy requires a system of free public employment exchanges. The establishment of such an agency in the United States was long delayed and did not come about until the requirements of the maximum utilization of the Nation's manpower for war production.

In 1930 Congress passed a bill which had been introduced more than 2 years previously by Senator Wagner which provided for the development of a Federal-State system of employment services. This bill was vetoed by President Hoover, who in his veto message emphasized that the employment problem was national in character and that therefore, there was need of a national employment service operated by the Federal Government.

This emphasis was maintained in the enactment of the Wagner-Peyser Act in June 1933.

One of the most important functions of the USES which will be lost unless some of these funds are restored is that relating to the clearance of labor, both skilled and unskilled, between the States. The job market in our country is increasingly a national market and workers seeking jobs and employers seeking people for these jobs have a right to expect that information on the job opportunities for employment and the best available supply of workers be available to them in every local office. This is particularly important in view of the fact that large-scale construction enterprises will be under way during the next few years. Also during this time more than a million veterans of World War II will be finishing their education and will be seeking the best possible job opportunities no matter in what part of the country they may be. We in the American Federation of Labor take great pride in the job that was done in making workers, especially construction workers, available wherever they were needed during the war period. This was possible because our national and international unions were able to work in cooperation with an effective national employment service. While the demands of a peacetime economy will not require such extensive migration it is still of the utmost importance that a national system of interstate clearance be maintained and this is one of the responsibilities of the national employment service under the Wagner-Peyser Act.

While it is realized that the operation of employment offices must be geared to the particular needs of each locality, it is also important that there be some uniformity in their methods and procedures. A worker seeking employment in a strange locality should not have to acquaint himself anew with an entirely new approach to determining his qualifications and new procedures in referring him to a job opening. The development of the necessary uniformity in the operations of the local offices can only be done by a national agency and, of course, requires funds to discharge this responsibility adequately.

We are not asking for a specific amount of money to be appropriated for the operation of the USES, but we are urging the Senate to give the most careful consideration to the needs which this agency was established to meet. In the interest of economy, we feel that every item should be carefully examined, but it should be examined in relation to the tremendous and vital needs of an effective system of free public employment exchanges.

UNITED STATES CONCILIATION SERVICE

The United States Conciliation Service is the only Federal agency whose sole purpose is the peaceful settlement of labor-management disputes throughout the United States.

The Congress is now considering various proposals for handling labor-management disputes. It is significant that in all the lengthy committee hearings on both sides of Congress there has not been a single voice raised against conciliation or mediation as the chief instrument for the peaceful settlement of these disputes.

In the face of this record, the House has approved a 25-percent cut in the budget submitted to Congress. This step was taken without an appraisal of the administrative requirements of the agency essential to make its services more efficient, more effective, and more economical.

Both labor and management have repeatedly voiced their support of a strong and effective conciliation service as indispensable to the maintenance of industrial peace without forced intervention of Government into labor-management relations.

The American Federation of Labor has always supported the Conciliation Service as an essential exercise of Government responsibility so long as it remains a voluntary service. The United States Conciliation Service never enters a case except at the request of the parties. We do not believe that the Government can discharge its responsibility for assisting in the maintenance of industrial peace unless it continues to provide a strong Conciliation Service.

In November 1945 the American Federation of Labor joined with management representatives at the President's postwar Labor-Management Conference on Industrial Relations to recommend unanimously that "Congress should immediately make available funds for improving and strengthening the Service."

If the cut in Conciliation Service funds proposed by the House is allowed to stand, it can only mean that the Service will be unable to furnish conciliators to assist negotiations before strikes or lock-outs develop. It will mean that only the most pressing disputes will be serviced, and the most pressing disputes always are those where work already has stopped. This is diametrically opposed to every expression of congressional sentiment on the functions of a Government mediating agency. That agency should have ample funds to permit it to work to avert strikes; it should not be so reduced financially that it will be found to concentrate only on ending strikes and lock-outs that occur.

We feel that the Conciliation Service requires funds which will give it at least an equal purchasing power case-for-case to that accorded the Service in the years immediately before the war period, in the years before the Government instituted its wartime restrictions on collective bargaining. The problems of voluntary conciliation and mediation are much more complex and the services of a conciliator even more important than they were during wartime, when the Government maintained elaborate and expensive arbitration agencies.

In view of these considerations, the American Federation of Labor believes that the President's recommendation for an appropriation of \$2,600,000, exclusive of travel, represents an absolutely irreducible minimum. The American Federation of Labor, therefore, strongly urges that this appropriation requested for conciliation, mediation, and voluntary arbitration, requested by the President, be approved by the committee in full.

It is the stated policy of the American Federation of Labor to explore and exhaust every means of peaceful adjustment of disputes arising between our affiliates and management. In carrying out this policy of avoiding work interruption by every possible means, A. F. of L. affiliates have relied heavily on conciliation, mediation, and where appropriate, voluntary arbitration provided by the United States Conciliation Service. This has enabled the A. F. of L. and its affiliates to maintain the best record of peaceful adjustments without interruption of work since VJ-day. We feel strongly that if a conciliator is able to help union and management representatives in arranging a peaceful settlement in any dispute involving production, the resulting avoidance of a work stoppage will have saved the Nation in wages and profits many times the cost of the appropriation making that settlement possible.

We urge this committee to grant the Conciliation Service sufficient funds to permit it to function effectively.

APPRENTICESHIP TRAINING

The Federal Committee on Apprenticeship Training is one part of the Department of Labor which has the closest and friendliest relations with the American Federation of Labor. In fact, we can justly and truthfully claim credit for its voluntary character, for its exclusive management-labor set-up, and for the absolute integrity of its field staff, with the resulting fine, practical, and successful standards covering apprenticeship training. We are deeply interested in genuine, bona fide apprenticeship training. We are directly represented on the Federal committee with management. There is no service of the Federal Government which interests us, which affects us, and which concerns us more, as practical trade-unionists. Hence, the American Federation of Labor wants to stress particularly the absolute necessity of strengthening the good work of the Federal Committee on Apprenticeship Training. Because the depression and the war interfered with this most important work, it is highly desirable that we catch up, and surely the Congress would not withhold funds from this division of the Department of Labor.

LABOR STANDARDS DIVISION

This Division is intended to serve the useful functions of promoting, for practical service, the results of the various research studies and investigations of the Department of Labor. Its field is mainly that of labor standards established by legislation. These standards deal with maximum hours, safety, inspection, health hazards, wage rates. By pooling and analyzing experiences, the Division is able to make available the good points and the shortcomings of various standards. This

information is helpful to trade unions and others seeking the best standards to include in labor laws and can be a powerful influence in bettering State labor legislation. Effective State labor laws, effectively administered, will assure a flexibility in labor's legal protection required by regional differences.

By putting its emphasis on standards, legislative and administrative, good technical and administrative standards can be promoted throughout the country. These services are important to a Nation that leads the world in technical progress.

Safe and healthful working conditions are basic for labor's welfare and for satisfactory production. Savings at the cost of health and safety take from workers their welfare or even their lives. A nation that does not assure safe and healthful working conditions, is wasting its labor power and needlessly increasing amounts necessary to care for workers made dependent.

The Federation believes that the agency styled workers education service can perform a useful function if it operates within the framework of a labor extension service. Such a definition of functions would definitely take it out of the education field and clarify the confusion that resulted in the recommendation of the House Committee on Appropriations to place it under vocational education. A labor extension service would prepare in simple, understandable terms the results of the research and studies of the Department of Labor and of other Departments and agencies dealing with problems of interest to labor and channel the information to unions concerned with such problems. Unions would then be in a position to organize and conduct their own education work. We think it unwise for the Department of Labor to undertake workers education which would establish a way for Government control over policies. Since the Service does not perform research functions it should not be placed in the Bureau of Labor Statistics.

The American Federation of Labor also believes that the research and studies necessary to determine work standards for employed children and to conserve the welfare of workers should not be allocated to the Wage-Hour Bureau but should be integrated with other standards determinations. The enforcement of work standards for minors properly belongs to the Wage-Hour Administration.

Appropriations for these functions should be adequate.

WOMEN'S BUREAU

Due to the permanent increase in the number of women gainfully employed and the increased variety of occupations which they follow, it is important to have regular information on their work problems. We hope that nothing will be done to restrict the work of the Women's Bureau at this time of standard-making to protect women workers against discrimination costly to them and to men workers.

FEDERAL SECURITY AGENCY

We are reminded that the appropriations under consideration involve not only the Department of Labor and a number of independent agencies having to do directly with labor matters but also include proposed appropriations for the Federal Security Agency. This agency includes certain activities of very direct and vital importance to labor. I should like to present our view with respect to the appropriations for some of these departments.

THE SOCIAL SECURITY ADMINISTRATION

The program to provide social security which was undertaken first in 1935 in this country was admittedly an experimental program. The Social Security Board created by the act of 1935 was given responsibility not only for administering a vast and comprehensive Federal program and for guiding the development of unemployment compensation programs within the States but also for studying the operation of these programs and analyzing the need for the extension of the principle of social insurance to cover risks to wage earners inherent in our free economy. The Congress has indicated its interest in possible expansion of social security in its various phases to provide coverage for the nearly 40 percent of wage earners of the country not now protected by the program.

Legislative proposals have been introduced in the Eightieth Congress and more will be introduced. It is of the utmost importance that voluntary organizations as well as the Congress have available competent, experienced, technical staff to assist in the evaluation of these proposals and to prepare

technical data in reference to them. We deplore the reduction in staff in this field that will be necessary if the reductions in budget required by the action of the House are carried through and we therefore earnestly ask that the Senate review these requirements and restore the amounts necessary to conduct adequate research work.

It is of the most vital importance also that an adequate informational program be carried on by the Social Security Administration. We understand the sensitiveness toward much that is done by many Government agencies in the general field of information. But though the Social Security program has now been in operation over 10 years, the status of most wage earners in relation to the program is constantly changing. They need to know what is involved as they progress from a status of "currently insured" to "fully insured" under the Old Age and Survivors Insurance program. Veterans and merchant seamen need to be acquainted with the new rights that they have acquired within the last year. Millions of entrants in the labor market year by year need to have an understanding of the operation of this program for which deductions are made from their weekly pay. The States need assistance in the development of educational programs relating to unemployment compensation.

Labor organizations can do a great deal and are doing much toward developing this understanding but they need the assistance of an adequate informational office within the Social Security Administration. The informational division of the Social Security Administration has maintained a small branch for preparing material of this kind. It has served a most useful purpose in stimulating informational publications by the voluntary organizations at no expense to the Government. It is our understanding that with the reductions required by the House measure this small branch would be eliminated. This is not economy in any sense of the word.

Another Bureau within the Social Security Administration with which labor is vitally concerned is the Bureau of Employment Security. Under title III and XIII of the Social Security Act, as amended, and under the provisions of the Unemployment Tax Act this Bureau has been given certain statutory responsibilities. It is proposed that more than \$57,000,000 will be made available to the States and Territories during the next fiscal year for unemployment compensation administration. It is the responsibility of this Bureau to see that the amount granted to each State is based on accurate information on the program operation in each State and in relation to the other standards set forth in title III of the act.

As the 51 separate jurisdictions develop their administrative procedures it is of vital importance that there be a central clearinghouse that can make the best experience available to each jurisdiction and to avoid errors being repeated. It is necessary also to assist these jurisdictions in the training of personnel and in developing and revising appeal procedures. The drastic reduction in funds involved in the House action may appear to be economy on the surface but it represents only bookkeeping economy if the reduction would seriously hamper, as we believe it would, the operation of this central office. For the lack of such coordinating, training, and technical services the State jurisdictions would pay a high price in efficiency of operation.

One important factor relating to the need for the services of this Bureau relates to the program for the payment of benefits to unemployed seamen adopted by the Seventy-ninth Congress. This is a new program for a group of workers not previously covered by State unemployment insurance laws. The States have no experience in the administration of such a program, as the claims of unemployed seamen will present problems almost entirely interstate in character. This additional responsibility will make heavy demands on the present staff of this Bureau.

In short the Congress at various times has placed obligations for the operation of this phase of the social security program on this particular Bureau of a Federal agency and it is therefore incumbent upon Congress to provide the funds necessary for it to discharge these obligations. Arbitrary reduction of the funds allocated to this Bureau to the extent of 22 percent of that approved by the Bureau of the Budget needs to be given most careful and thorough analysis and it is our firm conviction that a large part if not all of these funds should be restored to enable this Bureau to carry on its important functions.

OTHER AGENCIES

There are numerous other agencies and bureaus within the Federal Security Agency which vitally concern the welfare of working people though not primarily labor agencies. For example, there is the Public Health Service, the Food and Drug Administration and the Office of Education. There are others that directly affect working people such as the Bureau of Employees Compensation, the Office of Vocational Rehabilitation and the Children's Bureau. The action of the House proposes serious reductions below the budget estimate in all these Bureaus. I cannot go into these proposals in detail but I urge that the decisions with respect to the proposed reductions will finally be made in the light of the actual needs and useful purposes they serve.

NATIONAL LABOR RELATIONS ACT

The work of this agency is unpredictable and therefore cannot easily be subject to advance estimates as an agency subject to Government control. The Board's estimates for the current year were on the basis of 10,500 cases, but the probability now advanced by the Board is between 16,500 and 17,000.

Due to decrease in personnel (250) the backlog of cases is over 5,000 as compared with 4,600 at the beginning of this fiscal year. Election cases are handled in approximately 6 months instead of the two or three months possible with larger staff.

It is of vital importance to sustain production and industrial peace, that dispute growing out of union representation and unfair labor practices be settled promptly and justly. Without adequate appropriation, these objectives of the National Labor Relations Act cannot be realized. The decision of the House to cut appropriations for this Board 48 percent below the President's estimates causes the federation considerable alarm. Another substantial cut in personnel would have to be made and the result would be more delay. Tardy justice in labor disputes is not effective. Such a cut would coincide with a more than 50 percent increase in case load.

In addition, cases awaiting review by the Board must pile up in Washington, thus in effect nullifying an act that lies at the foundation of industrial peace.

QUESTION AS TO WHICH DIVISIONS SHOULD BE GIVEN MOST CONSIDERATION
IF SENATE DOES NOT RESTORE FULL HOUSE CUT

Senator KNOWLAND. Do you have any questions, Senator Young?
Senator YOUNG. Yes.

If the Senate did not feel that it could restore the full amount of the House cut, would you have any preference as to the different divisions of the Labor Department where you think it would be the most important to restore the full amount?

Mr. GREEN. Well, I think, study should be carefully made by your committee. In the event you find you could not restore the appropriation in full, you will have to decide as to which section or agency in the Department should be given special consideration.

Now, I think the Bureau of Labor Statistics is one; I think the United States Employment Service is another, and then I think some special emphasis should be placed on the Mediation and Conciliation Section of the Department of Labor. Those units are all vital to the promotion of full production, cooperative labor-management, and in the promotion of the economic welfare of our Nation.

That is the way I feel about that, Senator Young.

Senator YOUNG. Thank you, sir.

Senator KNOWLAND. The Chair just wishes to express his thanks to you, Mr. Green, for coming before the committee with a very constructive and intelligent approach to the problem which faces us.

Of course, the committee is interested in trying intelligently to cut down the cost of the Government without damaging essential service and you have made a very constructive approach to it, as I might say have all of the representatives of labor who appeared before this committee save one. We were disappointed last week when the secretary of the CIO came before the committee and made what we felt was an approach which could not be considered along those lines.

I think you have done the cause of the Labor Department a great deal of good as have most of the others.

Mr. GREEN. Thank you, Chairman. I am very glad to come and present my statement to the committee and we do hope and pray that the committee will restore as much of the appropriation reduced in the House bill so that the Labor Department may function at least up to a fair standard of efficiency and service.

Senator KNOWLAND. You may rest assured that the Labor Department and those who want to present facts will get a full and complete hearing before this committee.

Mr. GREEN. Thank you, sir.

Senator KNOWLAND. The next witness is Mr. Douglas Whitlock, chairman, the Building Products Institute.

APPRENTICE TRAINING SERVICE

STATEMENT OF DOUGLAS WHITLOCK, CHAIRMAN, THE BUILDING PRODUCTS INSTITUTE, WASHINGTON, D. C.

ADEQUATE APPROPRIATION REQUESTED

Senator KNOWLAND. You may proceed, Mr. Whitlock.

Mr. WHITLOCK. My name is Douglas Whitlock and my offices are in the Shoreham Building, in Washington, D. C. I appear as chairman of the Building Products Institute, a national organization of building-products manufacturers devoted to economic research and analysis of trends in construction.

It is my desire to urge an adequate appropriation for the Apprentice Training Service. H. R. 2700, which is before the committee, would provide an appropriation of \$2,015,600, and we fear that this will not be adequate, particularly in view of the pressing need for training additional apprentices in the building trades.

At the outset, I should like to say that the ATS has done outstanding work in its field. Their program is well planned, their officials and field representatives work cooperatively and effectively with industry and labor, and they are getting splendid results with the funds which have been made available to them.

POLICY STATEMENT ADOPTED BY BUILDING PRODUCTS INSTITUTE

To show the seriousness with which manufacturers of building materials and equipment view the need for additional apprentices, I should like to read from a policy statement which recently was adopted by the Building Products Institute:

APPRENTICE TRAINING

The training of apprentices is a joint responsibility of industry, labor, and Government, and the expansion and improvement of training programs as now being stimulated by the Apprentice Training Service should be aggressively supported by all concerned to avoid the possibility of a shortage of on-site construction workers.

Assuring an adequate supply of skilled workers in the building trades is not merely a matter of providing ample labor for the building of homes for veterans or for the construction of other needed buildings. It also is a matter of protecting the entire national economy. When property rents are included, together with repair and maintenance, construction constitutes about 20 percent of the whole economy in normal times. This year alone it is hoped that the construction volume will equal or exceed \$20,000,000,000, and we are barely started on the huge task of meeting the Nation's vast accumulated construction needs.

The principal service extended by the Apprentice Training Service is encouraging the establishment of local training programs throughout the country. The job of effecting cooperative effort between manufacturers of building materials, contractors, union organizations, and educational systems is no easy one, as you doubtless know. Yet, the Apprentice Training Service has a remarkable record of bringing this cooperation about. They perform a function which no private group could replace.

The need for additional apprentices is great in every trade. Up to the present, about 100,000 apprentices have entered training; it is estimated that about 500,000 more will be needed to meet peak construction requirements, which may occur next year. In fact, a general shortage of skilled building trades workers is almost certain before the end of this year, unless these training programs are expanded rapidly.

Indeed, many local shortages already have occurred, and many of them have been promptly overcome with the aid of the field staff of the ATS. But we are barely getting under way. Should shortages become general, the result will be that construction will contribute to the recession which has been forecast, instead of helping to avert the recession as many of us had hoped.

Unfortunately, there appears to be no official break-down of the number of additional apprentices needed in each individual building trade. In some instances there is sharp disagreement between the estimates prepared by labor and those prepared by the industry. However, because I also am general counsel for the Structural Clay Products Institute, the national organization of brick and tile manufacturers, I am in position to give you some solid facts about the need for apprentice bricklayers.

There are today only about as many brick masons as there were in 1870, although the population of the country has increased by about 250 percent in the meantime. Moreover, because very few apprentices were trained during the depression, when the volume of building was low, and during the war, when young men were entering the armed forces by the millions, and because thousands of skilled masons have retired because of age, there are many fewer masons today than there were in 1930.

Two years ago, we estimated that there were approximately 91,000 skilled brick masons available to the industry. That figure is based on the 1940 census and other available data. Then we computed the peak need, which may occur in 1948, at 154,000 brick masons. That reveals a potential shortage of 63,000 skilled masons. Since then, however, aided by the ATS and our industry's own efforts, joint apprentice committees have been set up in more than 260 localities, and nearly 8,000 apprentices have entered training. This is well short of the goal, but it is an excellent start.

I would like to point out that the brick industry in approaching this question of the shortage of bricklayers had a complete analysis made. It is the only building trade where a complete analysis has been made of the shortage. We prepared this pamphlet which goes into the whole question, using Government statistics and it proves conclusively that we have a serious problem facing the construction industry involving 20 percent of our national economy through this shortage of masons.

Senator KNOWLAND. Do you have an extra copy?

Mr. WHITLOCK. I would be glad to leave this with the committee.

IMPORTANCE OF APPRENTICE TRAINING TO BRICKLAYING TRADE

I also have over here a map which I think will indicate to you how important this apprentice training is to the bricklaying trade. If you will notice all over this map has circles indicating brickmasons' and plasterers' unions.

The open circles are where there are no apprentice-training committees now at work. The circles that are filled in with the red are where the apprentice-training field staff, with the local contractors and local unions, have set up joint apprentice committees and have undertaken the job of training bricklayers for the construction industry. You will notice the circles all over this map, 750 of them, and only 260 have been filled. In other words, in the time we have been working on this problem jointly with industry and the unions we have been able to get only 8,000 apprentices in training in 260 different places, but there are still 750 potential joint apprentice committees where they deal with the local committee of the International Bricklayers and Plasterers Union, and of course there are many other places where the local unions and contractors can form apprentice-training committees under this plan.

FULL AMOUNT OF APPROPRIATION REQUESTED

I think this graphically shows you how important this apprentice-training program is to both industry and labor and to our national economy, and I think, considering this appropriation, it is highly important that this field staff of the Apprentice Training Service in no way be endangered by inadequate funds. We urge that the full amount of appropriations asked for, which is to increase the staff of the field service, be given favorable consideration by this committee, because it is highly important that enough apprentices are available to do this construction job that this country had to have done if our economy is not to suffer.

We know that there is a similar situation in the other trades, and we know that the volume of building will be unnecessarily held down and that the economy will be adversely affected unless the apprentice-training program is stepped up rapidly.

As evidence that the brick and tile industry is in dead earnest about this problem, let me point out that we have seven full-time men at work on apprentice training alone. They are traveling about the country, taking care of local shortages as they are reported, and laying plans to avoid potential shortages elsewhere.

These men, when they see a situation developing, they call the field men in and let them act as negotiators between management and labor to get the standards of apprenticeship adopted and are men traveling around and finding these shortages or finding where the construction industry is short of bricklayers, and they immediately bring these apprentice training servicemen in and put them to work with the contractor and the labor union.

We are getting results, to be sure, but those results have been greatly augmented by the aid extended through the Apprentice Training Service.

When the appropriation for the ATS was before the House committee, we made the mistake of assuming that a strong letter of endorsement would serve to impress the committee with the urgency of the appropriation. We assumed that the need for the training of apprentices in the building trades and the splendid record of the ATS would be self-evident. But since the House committee elected to reduce the amount of the request, I have come here today to urge that the ATS be given sufficient funds to meet its full responsibilities. Thank you.

Senator KNOWLAND. Any questions, Senator McKellar?

Senator McKELLAR. I have no questions.

Senator KNOWLAND. Senator Young?

Senator YOUNG. No.

Senator KNOWLAND. Thank you, Mr. Whitlock.

Mr. WHITLOCK. I am grateful for the opportunity to appear before this committee.

UNITED STATES EMPLOYMENT SERVICE

STATEMENT OF MILLARD W. RICE, NATIONAL DIRECTOR OF PUBLIC RELATIONS, DISABLED AMERICAN VETERANS, VETERANS EMPLOYMENT, WASHINGTON, D. C.

WORK OF SERVICE

Senator KNOWLAND. The next witness is Millard W. Rice, national director of public relations, Disabled American Veterans.

You may proceed, Mr. Rice.

Mr. RICE. Mr. Chairman and gentlemen of the committee, you gentlemen, I am sure, are acquainted with the fact that the United States Employment Service was created by the Wagner-Peyser Act of 1933 and further supplemented as to the veterans by the Servicemen's Readjustment Act of 1944.

Under the United States Employment Service Act as amended, it is expected the actual place of unemployed persons and of veterans would be done on a local level and the State level but the coordination of policies, formulations of policies, of tools of techniques of analysis would be done at the Federal level by the United States Employment Service.

It is important that there be such a division of responsibility because if each State were to dope out its own tools, its own techniques, its own analysis, its own formulation of new policies and testings then it would be infinitely more expensive than to centralize that all through the Federal Government.

This morning, I would like to indicate to the gentlemen of the committee some of the tools and the techniques that have been developed by the United States Employment Service which we consider to be important in the placement of unemployed persons and of veterans and, particularly, the disabled veterans.

INTEREST OF DISABLED AMERICAN VETERANS

The organization which I represent is the Disabled American Veterans. Disabled American Veterans is particularly interested to seeing to it that as many unemployed disabled veterans as possible be

placed in suitable employment. May I say that in that connection there are about 2,300,000 falling in that category, about 1,800,000 of which are from World War II.

About a year ago, only about 4 percent of the total number of veterans disabled were registered with employment offices and were being placed in employment because of the development of the techniques and tools of the counseling procedures by the United States and the Veterans Employment Service. The percentage of actively registered disabled veterans who have been enabled to be placed in suitable employment has graduated up from 4 to 10 percent, so that the average now is about twice what it was at the beginning of the attempt to place disabled veterans.

Sometimes there is not full realization as to the value of developing various tools and techniques on the part of the United States Employment Service in relationship to the actual placement of disabled veterans into jobs.

We are very much concerned about the potential curtailment of the United States Employment Service and the Veterans Employment Service because of the probability that if there were to be such a curtailment, then these agencies would not be able to function as effectively in coordinating and formulating the tools and techniques.

VETERANS EMPLOYMENT SERVICE

Let me call attention to the fact that the primary task of the Veterans Employment Service and the United States Employment Service is to match employers with the unemployed, on the local level and on the State level and on the Federal level. Frequently, the employer cannot meet all the needs on the low level and, therefore, there must be a State clearance and as a result there must be a circulating of jobs all around to the other communities so that there can be a matching from one community to another. The same is true on the national level and as a consequence there is a need for establishment of a national clearing house which is maintained by the United States Employment Service; that would have to be entirely cut out if the appropriation passed upon by the House of Representatives were to be put into effect.

NATIONAL ROSTER OF TECHNICAL AND PROFESSIONAL EXPERTS

Closely connected with the national clearing house is the National Roster. The United States Employment Service maintains a national roster of all professional and technical experts who might be very important to the security program of our Nation. That too, would be thrown out the window if there is not an increase to the appropriation. In that connection it is frequently important to be able to interview the applicants in order to ascertain whether they really have the aptitude and ability that they pretend to have so as to avoid the expense of sending them from one community to another.

To the end the experts have to be in a position to ask pertinent questions in connection with their respective trades and as a consequence they have gotten up what is called the Oral Trade Questions.

As a result, if the interviewer does not know precisely what the terms are that are used in the trade or skill, he can refer to the book

and thus ask the proper questions to ascertain whether that applicant is skilled in that particular line; that is an important tool and needs to be kept up at all time.

Senator KNOWLAND. Is that put out by the United States Employment Service?

Mr. RICE. Yes. Practically all of the tools have to be put out by the United States Employment Service.

APTITUDE TESTS

Frequently, it is highly desirable that a man's aptitude should be tested because he has not had a background of experience. It has been estimated that from 25 to 40 percent of the discharged veterans of World War II did not have a background of job experience and, consequently, do not have background of experience to which to refer. By the development of appropriate aptitudes the United States Employment Service feels that it can determine a man's aptitude along certain lines even though he has had no experience along those lines whatsoever by the right kind of aptitude tests.

A battery of tests have been provided in these documents and these have been just developed over the last 3 years and are now being decentralized into the field.

Senator KNOWLAND. Developed by the United States Employment Service?

Mr. RICE. Developed by the United States Employment Service.

Senator KNOWLAND. Are they similar to the aptitude tests used in the Army?

Mr. RICE. They are more refined than those tests to have to be able to take them and determine the man's aptitudes for somewhat over 2,000 occupations. That is only the beginning because they will have to go further than that to be able to determine 30,00 occupations. This is the occupational guide series. This is a further refinement, particularly as it refers to handicapped persons and that is something that our organization is particularly interested in.

HANDICAPPED PERSONS

A handicapped or disabled veteran has lost some of his abilities by reason of the incurrence of disability by the loss of certain portions of his body. Therefore, it is necessary first, to find out what the physical demands are for the various jobs on the part of the employers and then to ascertain the physical capacities of the disabled veteran and other handicapped workers.

There is a technique devised here in connection with the physical demands under which you match up the two so that you can use a man's remaining abilities in jobs that do not require performance of physical attributes that he no longer has; that is, a matching up of men with jobs on a chart basis that dopes out those two. It is therefore very important that there be a careful occupational classification and these pamphlets have been gotten out for first instructing the instructors and then informing the trainee.

The interviewers in the field check as to just what the techniques are relative to the occupation. That is supplemented by the Occupational Dictionary which I do not have with me.

It is important also to counsel the average applicant in order to get out from him all of the pertinent background of his education and of his job experience. If he by himself were asked to fill out the application he would fail to give all of the pertinent data that would indicate several possibilities as to jobs which could be recorded and should be recorded in trying to find out the possibilities of the man for the job.

So, it is important to train all of the interviewers for the various jobs and of all the demands for various jobs so he can properly question as to what potentialities they have and bring those potentialities together with the demands of the kind of jobs available. It is necessary then, to have a complete employment counselling manual and also a placement manual to bring about these ends.

During the first week of October a considerable amount of special literature was distributed by the United States Employment Service and cooperating with the Office of Vocational Rehabilitation, the Disabled American Veterans and the American Federation of Physically Handicapped in an effort to try to persuade employers that handicapped persons, if properly placed are just as good employees and frequently better employees than is the case with other employees.

Senator KNOWLAND. How do you find the placements are moving along?

Mr. RICE. Gradually, we are getting a higher percentage of them.

Incidentally, as a result of that drive for the National Physically Handicapped people, the employment went up to 38 percent and then after that it lagged down again. It is something that has to be a continuous program.

May I say that in that connection considerable progress has been made in the placement of disabled veterans, not as many of them have been placed in comparison to the nonveterans. Back in March we made an analysis and found out that the 4 percent of the actively registered disabled veterans were placed and 8 percent of the actively registered nonveterans were placed. Now those percentages have been improving until we have 10 percent of the actively registered disabled veterans as compared with about 20 percent of the nonveterans.

The nonveterans have several advantages, naturally. They have had recent job experiences, and they have been affiliated with labor unions all of the time where that is the case and they have had close relationship with the employer and they do not have the same eligibility for readjustment allowances as is in the case of the veterans, and, therefore, cannot afford to be so choosy. As a result, nonveterans are being placed faster.

It is our earnest desire that the placement of veterans be brought up to an equal status with the nonveterans because the return to the readjustment allowance is not the answer to employment. We want them to be gainfully employed.

Let me say that there are considerable advantages in employing disabled veterans. They want no more disability and consequently have been conditioned to be more careful and are therefore less likely to lose time because of illness or injury. Also, realizing the difficulty of getting jobs, they are, therefore, more anxious to make good on any job that they procure and they have been psychologically conditioned to be more cooperative, more appreciative, more reliable, more re-

sourceful, and more productive, generally speaking, as compared to the other employees. They are very anxious to make good on the job.

However, there are some drawbacks in that if they are injured on the job there is a possibility that they may be more seriously injured and as a result greater compensation benefits may have to be paid. Because there is a narrower range of choice of occupations for them, it is difficult for the placement service to place them despite the fact that they have better attributes than other workers.

The United States Employment Service has sent out many of these tools and techniques to their local offices and several policies and procedures that have been suggested by the Disabled American Veterans and other organizations, having been worked out by the United States Employment Service, have then been disseminated to the field for adoption. We feel that there has been a very distinctive advantage in the placement work as a result of the adoption of those techniques and policies developed by the United States Employment Service and the Veterans' Employment Service.

Last year we appeared in the hearings before the Appropriations Committee in an effort to persuade the Appropriations Committee to grant an increase to the Veterans' Employment Service in order that there could be appointed an enlarged staff of field representatives. These are veterans under the field service and they go out to the employer and endeavor to persuade him as regards employing veterans and disabled veterans. There are advantages to them as employers and advantages to them as taxpayers, and there are very distinctive advantages along both lines. Unfortunately, those field representatives did not begin to be appointed in any substantial number until late last fall, and as a consequence the reports did not begin to trail in until November. Since that time the number of contacts with the employers and the number of job opportunities found by these field representatives has been going on right uphill. As a result, placement of veterans and disabled veterans will also go on upward proportionately with nonveterans.

Mr. Chairman, I have gone over this rather hastily and there may be some questions you may wish to submit.

Senator KNOWLAND. Senator McKellar?

Senator MCKELLAR. I have no questions.

Senator KNOWLAND. Senator Dworshak?

Senator DWORSHAK. I would like to ask one or two questions.

Senator KNOWLAND. Proceed, Senator.

QUESTION OF DUPLICATION IN VETERANS' PLACEMENT

Senator DWORSHAK. Mr. Rice, do you think there is any duplication in the function of veterans' placement in the various States as compared to the United States Employment Service?

Mr. RICE. There is a possibility of that but it can and should be coordinated and I think in most instances it is coordinated. There is, of course, even the possibility of some duplication sometimes happening on the part of the Apprenticeship Training Service, with the office of Vocational Rehabilitation and there should be coordination on the local level.

ATTITUDE OF STATE EMPLOYMENT OFFICES TOWARD VETERANS' PLACEMENT

Senator DWORSHAK. Do you think the State employment offices are rather indifferent to the need of placement of veterans, and that they do not get the veterans placed?

Mr. RICE. We have had this demonstrated, that they were forced to adopt preferential procedures as to registering the veterans and counseling and placing. The Disabled American Veterans, for example, suggested the desirability of having a red tab on the card of the disabled veteran so he could be quickly identified and also that he be placed in the front of the file of that particular occupation so that he should be the first one referred to the job. Prior to that no such distinguishing procedure was followed.

Senator DWORSHAK. Is there any friction, so far as you know, between the representatives of the veterans' placement and the State employment offices anywhere?

Mr. RICE. By and large I think the cooperation has been very good. There may have been some exceptions to that rule but by and large I would say there has been no friction.

VETERANS RECEIVING READJUSTMENT COMPENSATION

Senator DWORSHAK. Do you know how many veterans are receiving adjustment compensation?

Mr. RICE. I think it is close to 900,000. That is too many but it has been up to 1,700,000 about 7 months ago.

Senator DWORSHAK. You take the position that it involves not only justice on the part of the Government to the veterans but it also involves a real economy to expend a few dollars so that these men can be taken off this 52-20?

Mr. RICE. I am happy you brought that out. We certainly do believe that it will affect a great economy both to the Federal Government as to taxpayers generally and in local communities to enable the men to be properly placed on the job.

May I say that I conducted a study some years ago as to the veterans' associations and found that about twice as many men take the trouble to prove themselves eligible for disability benefits in poor years as in the good years. May I say that the hospitals and institutions were filled to the doors by the time World War II started but by the time we got to the end of the war, although they were considered to be men who did not want to work, as a matter of fact, when jobs became available they did go to work. In spite of the fact, that we thought there would be a shortage of hospital beds, the fact was that some men who might have spent more time left the hospitals to get back to work. We can prove by the statistics of the Veterans' Administration that many more men get on the benefit rolls during periods of unemployment and get increases in payments.

So, from the standpoint of the taxpayers, federally and also in each State, if disability compensation is not adequate with which to take care of the necessities of life for these men, and only about 10 percent are totally disabled which means that 90 percent of them must supplement their income from some other source; if they cannot supplement it from employment then they must be dependent upon public or private charity or upon special State set-ups.

That is, of course, costly to the taxpayer also.

We want the disabled veterans to become self-reliant and self-sustaining and the most important means by which that can be done is to have an adequate State employment service supplemented by adequate Federal employment service.

Senator KNOWLAND. Thank you.

Mr. RICE. I offer exhibits for the record.

Senator KNOWLAND. They will be made a part of the record and filed for the information of the committee.

(The exhibits were filed with the committee.)

**STATEMENT OF HON. JOHN SHERMAN COOPER, A UNITED STATES
SENATOR FROM THE STATE OF KENTUCKY**

INTRODUCTION OF WITNESS

Senator KNOWLAND. We have Senator Cooper with us this morning and I believe he has a statement which he would like to make.

Senator COOPER. Senator Knowland and members of the committee, I do not want to take up your time in the introduction of a witness, but I do speak briefly at this time for reasons which I will mention.

A few days ago, Mr. Edward Weyler wrote me and told me he would like to appear before your subcommittee with respect to the proposed reduction in the United States Department of Labor and speak specifically among other things on the proposed reductions with reference to the National Labor Relations Board, the United States Employment Service, the Bureau of Labor Statistics and the Division of Labor Standards.

I do not know what his testimony will be, but I would simply like to say that from my long acquaintance with Mr. Weyler, I believe it will be based on the facts derived from his long experience with this matter. I have known him for over 10 years, and he has been secretary-treasurer of the Kentucky State Federation of Labor and long before that he was connected and interested in the question of labor management problems.

He has had the position in Kentucky of always seeking the facts and then anticipating the possible disputes and attempting to correct them.

I would like to point out that there has been an unusual thing in Kentucky through his efforts, and that is that the federation has been taxed to the extent of an individual tax each year to educate a group of its own members on negotiation problems so that in their conduct of negotiations they would operate on the basis of the facts and strive to achieve peace.

I think during the war we in Kentucky had the fewest labor disputes of any State in the Nation.

Mr. Weyler has been active in civic as well as labor capacities. He was director of the State chamber of commerce and connected with the Louisville Area Development Association, which are both fact-finding associations. He served in many capacities during the war.

I simply want to say again that I do not know what his testimony will be, but I do know that his whole record has been one of attempt-

ing to place things upon a factual basis and look at these things in that manner.

Senator KNOWLAND. Thank you, Senator Cooper.

May we hear from Mr. Weyler at this time?

STATEMENT OF EDWARD H. WEYLER, SECRETARY-TREASURER OF THE KENTUCKY STATE FEDERATION OF LABOR

Mr. WEYLER. My name is Edward H. Weyler, secretary-treasurer of the Kentucky State Federation of Labor. I wish to speak in opposition to the budget bill passed by the House of Representatives which relates to the United States Department of Labor and other labor agencies.

I would like to speak in favor of replacing in the budget the amount of money that the Department of Labor has had heretofore.

NATIONAL LABOR RELATIONS BOARD

First, may I speak of the appropriations to the National Labor Relations Board: For several years our Congress has been reducing the budget of the National Labor Relations Board and in so doing has assisted in creating labor disputes and defeating the principles of the Wagner Act where labor is concerned. A great many of our employers have taken full advantage of this situation to delay in every possible way the recognition of bargaining agencies and in their collective bargaining. For example, in Kentucky last September, we petitioned for an election for certification at a shoe factory in Hopkinsville, Ky.

The election was held 2 weeks ago, after 6 months of waiting.

During this time, on several occasions, it took every ounce of good judgment and persuasion on the part of our union leadership to prevent those workers involved from striking, not against their employer, but against the slow service, for which the National Labor Relations Board itself is really not responsible.

They are now some 7 months behind in their work because of the short staff.

Let me cite another case. In Louisville, Ky., 6 months ago, we had an election in the Mengel Fibre Container Plant which we won almost unanimously. Management insisted on a 6-month contract. Rather than fight, the union agreed.

About 2 months ago a company union came into existence in this plant, although more than five-sixths of the workers in said plant are paid-up members of the union involved. They are volunteer members as we have no closed shop provision in the contract. Management immediately took the position that they could not bargain with the certified union on a contract renewal because there was a question of certification; but management is responsible for the creation of this company union. This was called to management's attention, but management did nothing about it. Why are they doing this? They know that the NLRB has a backlog of approximately 7 months, and even if we should file charges for refusal to bargain in good faith, it would be from a year to a year and one-half before the Board could complete the case and instruct this management to cease and

desist in its unfair labor practices—which the management would do and would bargain at the end of that period.

However, I predict there will be a strike in that plant around June 1—a strike provoked by management—this provocation being carefully planned and meditated by management. I am sure the majority of the Members of Congress do not approve this action of management.

However, the cure for this evil is to grant the National Labor Relations Board a sufficient budget in order that they in turn may render prompt service in cases of this kind. This would, I am sure, reduce the labor turmoil in this country by more than 50 percent.

UNITED STATES EMPLOYMENT SERVICE

As to the United States Employment Service, we are opposed to the cut of 77 percent on the national level because we know of the efforts that are being made to get the Employment Service totally free of any Government supervision in order that it may be a tool of the State unemployment commission, and we do not want that to happen.

We remember the deplorable exploitation by private employment agencies prior to the passage of the Wagner-Peyser Act, under which act the USES assists in coordinating the public employment offices in the United States and undertakes to increase their effectiveness by setting minimum standards of efficiency, providing uniform administrative and statistical procedure and an interstate system of job exchange information. If our appropriation to the USES is reduced as passed by the House, the intent and purpose of the Wagner-Peyser Act of 1933 will be destroyed.

Why must we work in this underhanded manner to wreck any advantages that labor may have? Why not be honest about it and repeal the Wagner-Peyser Act, instead of slashing the appropriations to such an extent that the remaining structure may become ridiculous in the eyes of those who need their services because of their inability to perform efficiently?

I am thinking of the 2,000,000 seasonable workers—citrus, construction, lumberjacks, food packers, and the like. From where will come the information and advice they need on employment opportunities in other States if the USES budget is cut the 77 percent as passed by the House?

Furthermore, if we have no national supervision of State employment offices, in a very, very short time this fine service we have builded over the past 5-year period will be totally destroyed by the spoils system existing in so many of our States.

BUREAU OF LABOR STATISTICS

Now, may I speak of the Bureau of Labor Statistics? Under the new appropriation bill passed by the House, fewer facts and figures would be gathered and disseminated to show the conditions of unemployment, cost-of-living trends, housing conditions, and the many other services of this Department. I read in the Congressional Daily that this Bureau will publish consumers' price index quarterly instead of monthly, food price index to cover 34 instead of 56 cities; family budget studies and daily index of sensitive prices will be dropped.

The Bureau will continue national—not State—reports on employment hours and wages, which will be harmful to employers and business as well as to the Farm Placement Service. Even though many Members of Congress may wish to destroy labor or labor's facilities, I am sure they would not wish to do so at the expense of industry, business, and the farmers.

At this point, I wish to express a personal observation of our domestic economy and the future and security of our political structure. I, like millions of other Americans, am greatly concerned at the growing tendency toward communism in our country, as well as with the increase in racial and other animosities. I am firmly convinced that insecurity is the primary cause of all of this. If we have a land of plenty, which we do have of course, but as yet have not discovered the way of a more equitable distribution—if we have decent, adequate housing, if we just have the security for which we have fought World War II, at the cost of more than \$200,000,000,000, our concern relating to communism will disappear.

But how can we hope to create these desired conditions in our land if we destroy or cripple the very agencies that keep us constantly furnished with statistics of these evils which we must eliminate if we expect to perpetuate our present form of government and economy.

We have found in our committee for Kentucky and in the Louisville area association that by the fact finding that we had been doing we have learned of deplorable and disgraceful conditions that Kentucky had tolerated as compared with the national level. As a result of that, we had determined to correct many of those things. Without those facts we would not have known of those situations perhaps. We need the Department to keep before us these deplorable facts because they are the fertile soil for the breeding of communism. It does not do us any good to bewail any foreign ideologies unless we serve more people in this country.

Now, I think, too, that during the war we had no hesitancy in how much money we spent. I mean the \$200,000,000,000 was quite freely spent to win peace and in our declaring of the winning of the peace we talked about the security which we were trying to win. Well, 85 percent of the people of the country I believe are working people and to them security means only one thing—a job with 52 pay envelopes a year that will deflect a decent standard of living.

How are we to do that unless we have the facts on statistics put before the people with which to govern, conduct, and plan procedure?

DIVISION OF LABOR STANDARDS

Now, gentlemen, the Division of Labor Standards. This Division is the most humane of all. This is the department that enforces our child labor legislation, that prevents the youth of our Nation from being unfairly exploited, that assures our youth the opportunity of education, that guarantees our country a coming adult population that will love and respect our American institutions, our philosophy of government, with a determination to fight for its perpetuation, rather than a population typical of that in Germany which we are now trying to reeducate. We know we pass child labor legislation out of necessity, not because of idealism. If we cripple this enforc-

ing agency, everyone assisting in said crippling will be guilty of fostering a condition which will breed dissatisfied, unhappy, disgruntled future citizens who will be looking for a change from the system which exploited them—most probably to some foreign ideology.

Then too, we have the enforcement of women's protective legislation that will be drastically curtailed, as well as the splendid industrial safety program which will also be discarded.

Gentlemen, when we were at war we never mentioned costs, but we fight our wars always looking toward the peace. Why does peace always look so expensive? Many Congressmen and Senators are disturbed because of industrial unrest in this Nation; yet those same Congressmen and Senators who would enslave labor by destroying its organizations and agencies fail somehow to realize or understand that Labor has never been given an honest break.

In Kentucky one may learn in our fine universities, colleges, and other schools most any trade and profession, but in no school in Kentucky can one learn to be a union business agent, union officer, union representative, union steward, nor can one even learn the true trade-union philosophy. The Division of Labor Standards for several years has been trying to correct this distasteful situation. They have, by working with universities and colleges and labor organizations been successful in many States in creating or assisting in the creation of labor-training courses, such as parliamentary procedure, shop steward's training, collective bargaining, and numerous other topics. As a result, today, several of our Nation's outstanding colleges and universities are offering essential education opportunities.

In Kentucky, however, we are not so fortunate. We must carry on our own educational program, and after several years of trial and error, at our last convention in September 1946, we created a department of research and education of the Kentucky State Federation of Labor and increased our per capita tax from 3 cents per member per month to 5 cents per member per month—with the additional 2 cents earmarked solely for the educational department. Our annual budget is approximately \$24,000 per year. Our program has reflected beneficially.

Many employers in Kentucky highly eulogize our achievements—employers who realize the advantage of enlightened, well-trained negotiators sitting across the conference table.

Gentlemen, education should not be the responsibility of the Kentucky State Federation of Labor so long as our Government provides facilities for the education of lawyers, doctors, economists, and so forth, and until such time as each of our States assumes its responsibility of providing adequate facilities for the education of trade-unionists and trade-union leaders, it is the positive responsibility of our Federal Government to continue in a greatly expanded manner the extension program of the Division of Labor Standards.

It is true that the appropriation for that Division has not been cut but the activities have been referred to the Bureau of Labor Statistics. The Bureau of Labor Statistics, to begin with, are not sympathetic with this program.

Senator McCARRAN. They are not set up for it either.

Mr. WEYLER. That is right.

I might say that for 10 years in Kentucky we staggered about and through trial and error tried to educate ourselves so that we might operate more ethically as trade-unions. It was only through the advice and insistence of the United States Department of Labor Extension Service that we did get on the right track.

We have regular teaching programs of shops-tour training and many of the other things that we need in our operations. Then we also have week-end institutes in different parts of the State and we have an institute every week. Then, we have once a year a 2-week institute that we hold in one of our responsible colleges in our State.

There are many employers in Kentucky who do highly eulogize our educational program. They respect and they enjoy sitting across the table from the better qualified bargaining representative than they do from one not so well qualified.

They appreciate to a greater degree the well-trained job stewards who understand provisions of contract, who understand the technique of approach, and who understand how to find the difference between what is grievances and what is thought to be grievances, and so forth.

On the other hand, why should it be our duty to tax ourselves to do this job?

Even though, however, we have taxed ourselves to this amount, if it were not for the many pamphlets that we can secure from the Division of Labor Standards such as shop steward training programs, safety committee programs, foremen's duties of collective bargaining and these numerous other pamphlets we get, our \$24,000 a year would be but a drop in the bucket to do this educational job in Kentucky.

We prevail upon you gentlemen, please, to put that program back in the Department of Labor Standards where it has been doing a good job and please give labor something of what labor is really deserving.

BUDGET COMPARISON WITH OTHER AGENCIES

Now when we come down to that as to what are we really deserving, I try to compare it with what we find existing in other agencies.

For instance, by check-up, I believe something like \$190,000,000 will be appropriated to the Department of Commerce.

However, something like \$32,000,000 will be given to the Department of Labor.

Now why so little for labor and so much for commerce? After all, I think, too, with Agriculture's appropriations of I think \$720,000,000, which I think is a very good program, I think that it pays good dividends, but I cannot understand our thinking that would justify a county farm agent in every county in the United States to assist the farmer, at the cost of production of approximately \$7,000,000, which will be given while we will talk of probably \$32,000,000 for labor.

If it pays dividends to give them the benefit of a farm agent in every county in the Nation to assist and guide the farmer, certainly it should pay dividends for us to have a person in every industrial center to guide and assist labor in labor's problems.

We would not then have so many of the difficulties we do. Even for soil conservation, I anticipate that we anticipate spending \$40,000,000 for soil reconversion.

Now, are we to believe that the Government thinks more of the soil than of American humanity? Actually, we anticipate according to the bill passed by the House far less money for labor to prevent accidents in industry, to prevent industrial diseases, and to assist in conciliation, mediation, and arbitration, and all of these things in disputes, far less money for that than we would even spend for soil conservation.

Even in the Bureau of Animal Industry, I understand \$19,000,000 for that agency is allowed. On the other hand, if we cut the Division of Labor Standards as we anticipate, if we wipe out our child labor legislation, if we have no wage-hour enforcement, no enforcement of protective laws for women, are we to assume that we think more of our animals in the country than we do of our humans?

Actually, that is what we are doing if we cut our appropriations to the Department of Labor as the House has already done.

Senator McCARRAN. Of course, we cannot tell what will take place in the agricultural bill, either. There may be cuts in the very items you have mentioned.

Mr. WEYLER. There could be, which I hope that we do not have, because I think history will show that not too many years ago we had as much trouble with agriculture as we are having today with labor.

After we passed the Smith-Hughes Act and some other acts, we have ceased having our trouble with agriculture.

We are farm people. All of the people in this country, and at least in Kentucky, the labor people and industrial people are from the farms.

PERCENTAGE OF FOREIGN-BORN PEOPLE REMAINING ON FARMS IN KENTUCKY

Statisticians show that only one-third of the foreign-born people in Kentucky may remain on the farms. The other two-thirds must go elsewhere to find livelihood. We are the same kind of people. We would react in the same way if we had the same decent treatment.

Now, \$32,000,000 as against \$700,000,000, I believe it was just as ridiculous. It seems to me to be ridiculous and indicates short-sightedness upon anyone who would try to enforce that upon the people in the country.

It seems as though we were inviting animosity.

I represent 165,000 people in Kentucky. It is not too many. We love our Nation, we helped to build it, we want to promote our free enterprise system of economy, but we know we cannot do it by passing punitive legislation. We are a proud people and an independent people. We will be taught and be led but we will not be driven.

I think we should try with labor the same as we have tried with other industries. Let us educate, teach, and lead. Let us not attempt to drive.

In behalf of these 165,000 people I represent in Kentucky, I prevail upon you to please restore to the United States Department of Labor and to the Labor Relations Board the appropriations which they had last year.

We have a job to do. We must win a peace. We won a war, but actually now we are further from peace than we were the day hostilities ended. If it was worth \$200,000,000,000 besides the life and

limb of our people to win a war, certainly it should be worth as much money to the Department of Labor and to the National Labor Relations Board this year as they had in previous years, to try to win the industrial peace we do want to win in this country.

I would thank you, gentlemen, for what favorable consideration you will give it. If you would care to ask me any question, I would be happy to try to answer them.

DISCUSSION OF EFFECT OF APPROPRIATION CUTS ON LAWS ESTABLISHING FUNCTIONS OF THE DEPARTMENT

Senator McCARRAN. Your strongest argument is that the Congress of the United States, after long deliberation and hard work, enacted these laws, demanding that certain departments do certain things, among them being the Department of Labor with all of its bureaus.

Now I doubt very much if the Congress would at this time attempt to repeal the laws that it had enacted for labor, but to defeat those laws by another method which is by cutting off the appropriations, does not seem to be a proper method of legislation.

I think the strongest position that you have in this whole proposition is to try to make these laws function. I am not saying there should be no curtailment. However, if the Bureau goes out of its category and sets up something that is not authorized by the law, then it is a question of whether or not they are permitted to do that, but where a bureau has only attempted to carry out the law and has carried on within the law, we must find some way of permitting it to carry on.

Mr. WEYLER. In fact, we are repealing the law if we cut the appropriations although we do not have the courage to do it the honorable way.

Senator DWORSHAK. I want to commend you for making a very constructive presentation of your views upon this appropriation bill.

COMMENT ON PROPAGANDA IN NATION TO RESTORE HOUSE CUTS

I want to make an observation, however: Too frequently it is claimed that members of this committee, or some other committee, are seeking to take punitive action.

Unfortunately, there is a great deal of propaganda abroad in the land critical of Congress, when the Members attempt to discharge their duties in a manner which they think will enure to the benefit of all the people.

DEMANDS OF TAXPAYERS

Now, it is true that probably the appropriation for the Department of Labor is not as large as for the other activities, the other departments of the Government, but probably Congress has decided to comply with the consistent demand of the taxpayers of this country for some economy.

AGENCIES BUILT UP DURING THE WAR

During the war we built up all these agencies. We not only went all out for the armed services in the way of financial support of young Americans to win this victory over the actions of the Axis Powers,

but we appropriated a lot of money and expanded a lot of services of many of these Federal departments.

RECONVERSION AND TRANSITION

Now, it is natural that we should have some reconversion and transition which will take us back to more normal postwar standards. I grant you that we probably have even more critical problems to solve on the local front now than we had prior to the war, or during the war; but I do not believe you would hesitate to agree with me that if, in the wisdom of the Congress, it was decided that we should have a horizontal cut of 5 percent, 10 percent, or 15 percent, or larger, on possibly all of the budget requests for appropriations, that it would not involve any punitive action against the Department of Labor if the same percentages of reduction should be applied to the appropriation for the Labor Department as to the Agriculture Department, or Commerce, or even to the armed services—the War and Navy Departments.

Would you construe that as reflecting hostility upon the part of the Appropriations Committee?

Mr. WEYLER. I would not say I construe it as hostilities toward the Department, but I would, however, have to say that I would construe it as short-sightedness.

APPPROPRIATIONS, TAX AND DEBT REDUCTIONS

Senator DWORSHAK. I do not think at that point we should cut appropriations, at this time.

Mr. WEYLER. I am not in favor of tax reduction at this time.

Senator DWORSHAK. I did not ask you that question. I may not be either.

Mr. WEYLER. So I am not in favor of reducing these departments in their budgets.

Senator DWORSHAK. Are you in favor of making any payment on our debt retirement?

Mr. WEYLER. I am indeed.

Senator DWORSHAK. Are you in favor of balancing the budget?

Mr. WEYLER. I am, indeed, at an appropriate time. We did not lose time to talk about balancing of the budget during the war. Now let us win the peace, and when we have won the peace, let us talk about balancing the budget.

TOTAL PERSONS IN EMPLOYMENT AND ARMED SERVICES DURING WAR

Let us show you the position that we are actually in:

In 1943, 1944, and 1945, we had 54,000,000 employed in this country and we were producing for 5 nations armaments of war; our own, Russia, China, France, and Britain.

Now we proved that we were capable of producing for five countries to win a war. At the same time we had 12,000,000 in the armed forces. Add them together, we have 56,000,000 potential workers, have we not? But now we are producing for one country. Now from where are we going to get 56,000,000 jobs? Now if we do not get 56,000,000 jobs, we have lied to every veteran we had in the service and we have lied to

every worker on the industrial front, because we promised ourselves we fought this war to win security.

Now we must have full security.

Let us not talk about balancing the budget, let us get full employment, let us get decent housing, let us get decent social legislation. Let us get all the things to win a peace and then talk about balancing the budget, Senator.

UNBALANCED BUDGET AND NATIONAL DEBT

Senator DWORSHAK. Since 1930, we have had an unbalanced budget. We have a national indebtedness of \$260,000,000,000 and yet it is not time to talk about balancing the budget?

Mr. WEYLER. I am so happy you brought out that point. In 1930, we had 13,000,000 idle people in this country. I was one of them who was unemployed for 2 years. I came out owing \$1,000 grocery bill and \$500 house rent, besides all the other bills. I was ready for anything. I wanted a change. I wanted to work. I could not find a job.

In Germany, at the same time, Senator, millions of people were under the same conditions. They were looking for a change. It was very unfortunate the man was elected into power that threw this world into chaos.

Now, I predict this: If we do not solve these problems, if we do not get a balanced budget, we are going to change a great deal. We saw what happened in Britain. We saw Britain go socialistic. Chiefly why? Because their industrial machinery and their form of government failed to do the job.

Now, I remember reading where Mr. Truman, as a United States Senator, in 1937, said, and I quote:

We shall permit one unnecessary depression out of which this Nation will not come in the same old hands.

Now, I remember that there were less than 1,000,000 people in that great country of Russia of nearly 300,000,000 when they had their revolution, and we have nearly 1,000,000 people in the United States today who think "commie" or believe in the communistic philosophy. We do not dare to have a depression, Senator.

Senator DWORSHAK. I agree with you.

Mr. WEYLER. If we do, we will change our philosophy of government.

Senator DWORSHAK. Do you recognize any sinister mission or menace to the country's economic welfare and the employment situation, and our free-enterprise system, if we continue to have indefinitely an unbalanced budget and add to our national debt? You recognize no threat inherent in that?

Mr. WEYLER. Look, Senator, I recognize no inherent threat when we do not worry about balancing a budget to win a war at the price of \$200,000,000,000 in 4 years.

Peace, to me, is far more important. I love our system, Senator; I love the free-enterprise system of economy; I love our philosophy for government, but I see it endangered.

Senator DWORSHAK. I do, too. I know that the most foolish thing we can do is to pave the road for more industrial chaos.

Mr. WEYLER. As long as we have the National Labor Relations Board poor so they cannot take up cases for 6, 7, 8, and 9 months, we are going to have strike after strike after strike; we are going to have thousands of dissatisfied people in this country who will damn the Government and damn the Labor Relations Board and everything else because they are not getting service.

That, Senator, is a responsibility the Congress must shoulder.

Senator DWORSHAK. And the people.

Mr. WEYLER. The people are not asking for the reductions, Senator; no; they are not. I am not. I am a worker.

Senator DWORSHAK. You mean, in any of the appropriations bills?

Mr. WEYLER. I say that the people, practically unanimously in this country do not want reductions in their national debt at the expense of the winning of the peace, and that is exactly what we are headed for now.

Senator DWORSHAK. I believe the basic issue confronting us today is to see that we maintain economy and security and win the peace. I am in accord with you on that.

Mr. WEYLER. Thank you.

DIVISION OF LABOR STANDARDS

STATEMENT OF DONALD D. GARCELON, REPRESENTING EXECUTIVE COMMITTEE, INTERNATIONAL ASSOCIATION OF INDUSTRIAL ACCIDENT BOARDS AND COMMISSIONS

Senator KNOWLAND. We will next hear from Donald D. Garcelon, of the Maine Industrial Accident Commission.

Senator McCARRAN. What is your official position?

Mr. GARCELON. Formerly, until a month ago, I was chairman of the Maine Industrial Accident Commission.

Senator McCARRAN. Mr. Garcelon, you are from the State of Maine?

Mr. GARCELON. Yes, sir; from the State of Maine.

I am appearing here, without pay, at the request of the executive committee of the International Association of Industrial Accident Boards and Commissions, of which I am past president and an honorary life member. For the last 3 years I have been chairman of its legislative committee. My remarks are limited to the services rendered by the Division of Labor Standards to that association as a body, and to the individual compensation boards and commissions that compose it. May I add that until I retired on pension a month or so ago, I had been a member of the Maine Industrial Accident Commission nearly 26 years, and its chairman more than 21 years. I understand that when I retired I was the senior workmen's compensation commissioner in the country. I mention these things merely to indicate my background of experience with the subject, and to make clear that my remarks spring only from my firm conviction that the activities of the Division of Labor Standards should be continued.

WORKMEN'S COMPENSATION LEGISLATION

Although workmen's compensation legislation in this country is only about 35 years old, it now seems as firmly established in our

jurisprudence as the common law itself. Before any such legislation the only recourse of an industrial worker injured by accident was to bring a suit at law and claim damages; provided, of course, that the accident was due to the employer's negligence. That, however, was usually very difficult to prove. And even though he could prove it, the expenses of the suit, including attorney's fees, often took a large part of the amount awarded. In most cases, however, the loss remained where it fell—upon workers and their families who could ill afford to bear it.

Workmen's compensation legislation changed all this. Under it, injured workers, or, if killed, their dependents, are paid compensation during incapacity regardless of the question of negligence on the part of anyone; and the compensation cost for the injuries, which are as much incident to production as damaged tools or machinery, is simply added, as a part of the expense of production, to the price of the products and thus spread over society generally, burdensome to none. Not only is this sound economics, it is social justice as well.

Workmen's compensation laws have been enacted in all our States except Mississippi, in our Territories, and by the Federal Government, for the District of Columbia, for all Government workers, and for long-shoremen and harbor workers.

Unfortunately, however, in many ways, these laws, although with one common purpose, are all different. No two are alike.

To attain greater uniformity in these acts, and especially to learn from the experience of others how to improve their own acts and their administration, the State compensation administrations over 30 years ago formed an association, with annual conventions. The subsequent inclusion of the Canadian Provinces made the association international.

ACTIVITIES OF DIVISION OF LABOR STANDARDS

In 1934, the Division of Labor Standards was established. Its Director serves as the secretary-treasurer of the association. He has a large share in formulating the programs of the conventions and in making arrangements therefor. The convention proceedings are published by the Division.

In the early years of its history, the continuance of the association admittedly depended upon the help of the United States Department of Labor. Although now it would undoubtedly continue to function even though that assistance were withdrawn, its activities would be so crippled that its usefulness would unquestionably be greatly impaired.

It is not only, however, in connection with the conventions that the Division of Labor Standards is of inestimable value to the association and to its member States; it serves every day in the year.

It is a clearinghouse of information, available to all, in everything that pertains to workmen's compensation. From its wide experience it can, and does, upon request, advise as to the wisdom and even the form of the hundreds of bills that are introduced in the State legislatures every year, often by persons, with the best of intentions, who have little or no technical knowledge of the subject.

From its comparative studies of tested experience, it is able to approve and recommend what is good and to disclose the defects in what is not.

From time to time it publishes bulletins showing what compensation bills have been introduced in the various States, and also which of these have been enacted into laws. Most valuable of all, it publishes digests and charts showing graphically what is the law in the various States on the most important subjects. From these, each State can see at a glance just where it stands among the other States on all compensation matters.

It is by such comparisons with the laws of other jurisdictions that each State is enabled to improve its own laws. At the present time it is estimated that half of the country's workers are not yet covered by compensation laws at all.

In most States the provisions are still woefully weak in important particulars. There is very much that remains to be done before they attain the proportions that the workers have a right to expect.

NEED FOR ADEQUATE APPROPRIATION

It is not too much to say that the chief hope of further improvement in workmen's compensation legislation—in extending coverage, in liberalizing benefits, in making administration more efficient—rests upon the continuance, unabated, of the services that are provided by the Division of Labor Standards. That the workers should now be deprived of such help is unthinkable.

As I stated at the outset, I come from Maine where we Republicans believe in economy, and practice it, too, but not at the expense of essential service.

We are heartily in accord with the general reduction of governmental appropriations and the lowering of taxes. During the past years we have seen much inexcusable waste. But we do not know of a single appropriation that brings a greater return—not financially only, but in human welfare—than the comparatively modest amount required by the Division of Labor Standards for its help to the State industrial accident boards and commissions, both collectively in their association as well as to them individually, in their work of safety precautions to prevent accidents, in compensation to the injured while incapacitated, and in their rehabilitation for return to employment.

I sincerely hope that the Division's great opportunity for service may not be allowed to cease, or even be curtailed. The dollars saved by the loss of such services would not be real economy.

I am leaving with the committee some of the publications of the Division; the bulletins and digests of State workmen's compensation laws and charts previously referred to, together with copies of the association's constitution and anniversary brochures published by it several years ago.

Senator KNOWLAND. Thank you very much.

If there are no questions, the next witness will be Dr. Merle E. Frampton, representing principally the New York institutes for the education of the blind.

STATEMENT OF DR. MERLE E. FRAMPTON, REPRESENTING THE NEW YORK INSTITUTIONS FOR THE EDUCATION OF THE BLIND

SERVICES TO THE HANDICAPPED

Dr. FRAMPTON. I appear before this committee in the interests of that vast number of citizens of our commonwealth known as the handicapped.

ESTIMATE OF NATION'S PHYSICALLY HANDICAPPED

It is reliably estimated that 25,000,000 Americans may be classified as physically handicapped: they are the blind, the low-visioned, the deaf and hard of hearing, the crippled, the cardiac, the epileptic, the neuropsychotic, the tubercular, and those blind and deaf, and many other groups.

These handicapped citizens have much at stake and stand to lose many important gains made toward productive citizenry if this Congress is not mindful of their real interests and cognizant of their pressing problems.

HANDICAPPED SERVICES SPREAD THROUGH 62 AGENCIES OF GOVERNMENT

My topic is an extremely broad one, and many of the services for the handicapped are to be found scattered throughout 62 major and minor divisions of the Federal Government.

A recent analysis which I made of that monumental volume, the 1948 Budget, reveals that appropriations for services to the handicapped in one form or another, from prevention, hospitalization, restoration, convalescence, readjustment, education and guidance, and placement are to be found in these departments.

With the chairman's permission, I will not list the departments here, but ask that they be included as a part of the record of testimony in order to save time for the committee.

Senator KNOWLAND. It will be included in the record at this point. (The information is as follows:)

DEPARTMENTS PROVIDING SERVICES FOR PHYSICALLY HANDICAPPED

1. Library of Congress: Books for the adult blind, service for the blind.
2. Treasury: Procurement Division (administration of Wagner-O'Day Act).
3. War Department: Office, Surgeon General.
4. Navy Department: Bureau Medicine and Surgery.
5. Bureau Human Nutrition and Home Economics, Extension Service, Bureau Agricultural Economics.
6. Department of Labor: Children's Bureau, Women's Bureau, Division Labor Standards, Bureau Labor Statistics.
7. Federal Security Agency: United States Office of Education, Columbia Institution for the Deaf, Public Health Service, St. Elizabeths Hospital, Freedmen's Hospital, Social Security Board, Committee on Economic Security, Office of Vocational Rehabilitation.
8. Federal Board of Hospitalization.
9. United States Civil Service Commission.
10. United States Employees' Compensation Commission.
11. Veterans' Administration.
12. National Academy of Sciences.

Dr. FRAMPTON. A copy of the budget shows expenditures requested for services to the handicapped, as broadly defined above, of \$170,-811,508 in 1947 and \$227,620,800 in 1948.

I have listed the expenditures here, and with the chairman's permission, I would like to have it inserted again to save time of the committee.

Senator KNOWLAND. It will be included in the record at this point. (The information is as follows:)

Break-down of total asked by various agencies of Government for handicapped persons services

Department	Budget page	1947	1948
Blind assistance.....	208	\$13,434,000	\$13,653,000
Blind assistance, District of Columbia.....	955	57,700	63,100
Dependent children.....	208	102,100,000	109,228,000
Dependent children, District of Columbia.....	955	375,000	383,000
Tuberculosis, District of Columbia.....	954	100,000	75,000
Office of Vocation, District of Columbia.....	954	125,000	125,000
Vocational Education, District of Columbia.....	954	50,000	50,000
Insane, District of Columbia.....	937		6,229,000
Private institutions, District of Columbia.....	934-935	499,908	1,817,000
Crippled children, District of Columbia.....	956	45,000	50,000
American Printing House for the Blind.....	164	125,000	125,000
Labor Department.....			
Apprentice training.....	624		2,544,200
States' assistance.....	183-184		20,971,000
Federal Security Agency, crippled children.....	214	4,597,500	7,500,000
Child welfare.....		2,617,500	3,500,000
Tuberculosis (national).....	182	7,994,000	8,430,000
Office of Vocational Rehabilitation.....	180	12,312,100	20,439,000
Vocational education.....	178	9,550,000	9,550,000
Office of Education, Hawaii.....	174	105,000	105,000
Office of Education, Puerto Rico.....	174	30,000	30,000
Office of Vocational Education.....	173	14,200,000	14,200,000
Deaf, Columbia Institution.....	167	221,800	259,500
National Cancer Commission.....	194	1,772,000	7,169,000
Library of Congress, Books for Blind.....	19	500,000	1,125,000
		170,811,508	227,620,800

Dr. FRAMPTON. This is a substantial sum to be spent on this general subject, and I have omitted appropriations for old-age assistance, Veterans' Administration, and the general appropriation for the Children's Bureau, which are substantial.

Work in the field of services to the handicapped cannot be ruthlessly abandoned without doing serious injury to the millions of civilian and military disabled who are just beginning to have their needs brought to the attention of the public.

I am certain that the majority of the Members of both parties of this Congress have a sincere desire to provide for these disabled men and women every reasonable aid and opportunity to become effective, productive, taxpaying citizens.

Members of Congress are servants of the people, pledged to supply their reasonable needs and to see that the country remains solvent. Most of the testimony I have heard before this committee and the committees of the House have been directed toward the goal of restoration of most of all the funds, based on the argument that the entire service program will be wrecked.

This may possibly be true in some cases, but it does not apply to all areas, nor to over-all appropriations. I am not going to make an impassioned plea for my handicapped friends that their programs and lives will be ruined if those cuts are not restored.

CONFUSION IN GOVERNMENTAL AGENCIES

I believe there is confusion, overlapping, lack of efficiency, and much competition in the above governmental bureaus dealing with rehabilitation and services to the handicapped.

I admire the courage of this Congress, now under severe fire from many special interest groups, in holding its main goal to achieve economy compatible with efficiency and good service.

NEED FOR PROPER CHECKING ON EXPENDITURES

What we need in this whole field of services for the handicapped is a "Congressional Euthanasia League," and this committee could well serve as that league to properly check present expenditures for existing services to the handicapped.

Euthanasia is both a science and an art, and so is the business of budget making. It may not be the function of this subcommittee to delve into the specific items cut from the various budgets, but some committee must do it.

It is not so much whether three or five billions are cut, but what necessary services have been omitted. A budget-making body may have the most sincere intention in the world but be sincerely wrong because careful and scientific screening of departmental service programs and needs has not been made.

Mere cutting does not solve the problem of efficient and effective coordination; in fact, it only makes for more competition between bureaus and agencies on a smaller scale. The competition becomes more intense and less attention is given by supervisory personnel to the real problems of providing a service program.

We no longer give sulphur and molasses for all your spring ailments. Some treatment demands a healthy diet for the child becomes of age, or the ailment is cured.

Some may need special surgery and have to be removed. A skilled pruner does not kill the tree. There is a real danger that there will not be enough money in any one department to provide a decent service program for the handicapped.

The effect of over-all budget cuts without careful study and analysis is to lower morale, destroy vital services and throw people into a state of near panic.

It is probably human for governmental officials in administrative capacities to think of the service program to the handicapped last when drastic cuts must be faced.

BLIND PERSONNEL SEPARATED FROM AREA VOCATIONAL REHABILITATION OFFICE

In one area, the Office of Vocational Rehabilitation in the FSA, upon receipt of information of the present cuts, word was sent to the States that their allotments for the last quarter were being cut 55 percent. In the same office, three blinded personnel who have given outstanding service to a new and vital program, were given notice of dismissal; but the administrative personnel up until today, so far as my information goes, still maintains two new assistant directors at

\$8,000 a year with a number of \$8,000 people working under \$8,000 people.

The very service program we want carried on is being cut and key professional personnel who really do the hard job on the field are let out. Last week a man in the Labor Department who has been for more than a decade the outstanding leader in the field of selective placement for the handicapped was notified of his dismissal.

OPPOSED TO LARGE APPROPRIATION INCREASE TO LIBRARY OF CONGRESS FOR TALKING BOOKS AND TALKING MACHINES

Books for the Blind—Library of Congress increase their appropriation requests from \$500,000 to \$1,125,000. It is slated to provide talking books and talking-book machines for the blind. There is no need for such a large appropriation.

Now as a representative of the blind school, I presume you would expect me to talk in favor of \$1,125,000. I am not. It is to appropriate money for talking books and book machines for the blind. There is no such need for such a large appropriation. There is no need for a staff or a proposed staff of from 40 to 50 members to select books to be published and attend to administrative work, to employ two sound engineers and other technicians.

The requests are grossly over-exaggerated. We need no more than \$150,000 for Braille books and the balance of the original \$500,000 could adequately take care of new talking books and records. The Veterans' Administration have their own appropriations for technical aids to the blinded veterans.

I could continue listing many other similar situations throughout our whole service program for the handicapped. The ruthless waste, competition, overlapping from the past administration can only be corrected by a careful analysis of what is needed.

OFFICE OF VOCATIONAL REHABILITATION

It might well be that the Office of Vocational Rehabilitation properly coordinated with services for the handicapped in labor, education, Veterans' Administration, et cetera, might need \$50,000,000 instead of \$20,000,000 to do a good job.

UNITED STATES EMPLOYMENT SERVICE

The United States Employment Service and its placement services for the handicapped, I believe to be one of the Federal Government's most important contributions to the social and economic welfare of the handicapped and a service of the highest caliber to the employer.

Its discontinuance would prove a great loss to hundreds of thousands of handicapped people scattered throughout the State, where State programs are not functioning or where they need the kind of technical service this department has provided. All our services for the handicapped, excluding some health functions, could quite reasonably be centralized in one agency and I believe that a better program would be forthcoming for our handicapped people within the revised appropriations.

NEED FOR REORGANIZATION AND COORDINATION OF SERVICES

The present method of budgeting is like treating a man with many sores. One method of attempting to cure him is to put salve on this spot and that spot when what he really needs is a good big dose in the right spot.

We need to demand reorganization, coordination, and, if necessary, properly defined authority to bring into being an efficient streamlined service program for the handicapped.

Some one committee needs to analyze the specific items and spell out specific needs from school-lunch programs to automobiles for amputees. Why not free lunches for underpaid Government officials? Why not automobiles at Government expense for the blinded, deaf, or for our neuropsychotic veterans?

Let us not be fooled by the theory that just any appropriation smaller than last year is a panacea for our troubles. Our troubles are deeper and rest fundamentally in a failure to properly study and analyze our needs and how they best can be met.

This committee will do a real disservice to our thousands of handicapped men and women unless some attempt is made to straighten out the New Deal mass of confusion, overlapping, competition, extravagance, and waste, and I do not see much real effort in that direction with the exception of blanket over-all budget cut which you are attempting, and then appropriate adequate funds to provide a real service program for the handicapped of this country.

Senator KNOWLAND. Thank you, sir.

We will next hear from Dr. Fabricant, of the National Bureau of Economic Research.

BUREAU OF LABOR STATISTICS

STATEMENT OF DR. SOLOMON FABRICANT, NATIONAL BUREAU OF ECONOMIC RESEARCH

Dr. FABRICANT. I greatly appreciate the opportunity of presenting, on behalf of the National Bureau of Economic Research, these views on the work of the United States Bureau of Labor Statistics.

The concern of the National Bureau of Economic Research with the proposed appropriation for the United States Bureau of Labor Statistics arises out of its function as an independent, nonprofit research institution engaged in the scientific study of economic activities.

PURPOSES OF NATIONAL BUREAU OF ECONOMIC RESEARCH

Its aims, since its organization in 1920, have been to encourage, in the broadest and most liberal manner, the application of knowledge to the economic well-being of mankind: and in particular to conduct exact and impartial investigations in the field of economic science. To this end we cooperate with governments, universities, learned societies, and individuals.

When last calculated the institutions collaborating in our work numbered as many as 287; among them, for example, were 39 universities. This does not, of course, include many individuals co-

operating with us; nor does it count the philanthropic foundations, companies and other organizations, and numerous individuals from all walks of life, that contribute to our funds.

Though the National Bureau cooperates actively with agencies of all types in carrying on its research, it is not controlled by any one of them. The National Bureau is governed by an independent board of directors representing different economic and social viewpoints.

The National Bureau seeks to make its findings as objective as possible. It takes no stand on matters of policy. It does not aim to give comfort to special groups. It proceeds on the premise that intelligent people, whatever their viewpoints, may reach sounder conclusions if they can base them upon information about actual conditions, gathered and presented impartially.

CURRENT UNDERTAKINGS

Our current undertakings include studies in national income, capital formation, production and productivity, labor problems, prices, business cycles, finance, banking and credit, fiscal power, and other areas where fact-finding satisfies deep-seated social needs. We publish our findings and thereby make them available for the benefit of all.

Obviously, fact-finding on matters of the broad national scope mentioned requires the use of data and statistics from a wide variety of sources. We have necessarily leaned heavily on the statistics collected by government agencies.

NEED FOR BUREAU OF LABOR STATISTICS

This experience leads us to believe strongly that many of the data provided by the Bureau of Labor Statistics are essential to an understanding of the working of our economic system and to the making of policies by industry, labor, government, and the public generally.

The fact-finding agencies of the government are relatively few; the work of each is significant in enlarging the body of our economic knowledge, and the Bureau of Labor Statistics carries a prominent share of this load.

It is vital that the basic statistical activities of so important an agency as the Bureau of Labor Statistics should not be seriously impaired. Its staff has been developed and trained over a long period of years. Its contacts with important sources of information on a wide variety of problems must be preserved if its data are to be of continuing value. Appropriation changes, if too sudden and drastic, may result in serious interruptions and gaps in data and deterioration of their quality.

One of the greatest advances in our fund of knowledge about prices, wages, employment, production, and income came, we may recall, during and after the First World War.

This advance was in response to the need manifested during that war for a great deal of quantitative information on the workings of our economy.

Such information had hitherto not been available. A similar advance in the scope and accuracy of quantitative data occurred just before and during the war just past. Many improvements in statis-

tical procedures, in kinds of data, and in the frequency and speed with which data become available were made. It will be a tribute to our foresight if those developments which have permanent value are not lost at a time when the need for them is perhaps greater than ever it was in the past.

BUREAU PREPARED STATEMENT SHOWING EFFECT OF CUT

The Bureau of Labor Statistics has prepared a detailed statement indicating the curtailment in its program that appears necessary if its appropriation is reduced by 60 percent. We would like to comment briefly on some of the items that would then be cut out.

It appears that the proposed reduction in the budget of the Bureau of Labor Statistics would involve the abandonment of the compilation of man-days lost because of work stoppages.

Data gathered would be restricted to number of strikes and number of men involved. Such data presented alone would frequently be misleading.

Moreover, it may not be noted that the Bureau must curtail the supplying of general facts that are frequently referred to in the settlement of labor disputes, and in any case are needed for clear thinking about them. These are wage rate data of all kinds, measures of productivity, price and cost information, and the filing for ready reference to provisions of collective bargaining agreements. The Government has a unique responsibility for providing general information of this type.

The responsibilities of the Government under the Employment Act of 1946 are profound. If a serious effort is to be made to meet them it is of the utmost importance that statistical data be made available to aid in recognizing changes in the general business situation promptly, diagnosing the situation correctly, and taking remedial action, if any, properly adapted to the end in view. The indicated curtailment of the Bureau of Labor Statistics program will make it more difficult to perform these functions satisfactorily.

The Bureau of Labor Statistics monthly index of food prices, for example, has in the past been an important indicator of the general business situation. So, too, have the Bureau of Labor Statistics indexes of wholesale prices of metals, hides and leather, and fuels.

In a study made by the National Bureau of Economic Research in 1939 four indexes were selected, out of about 700 series studied, as being among the more reliable indicators of prosperity and depression.

Under its reduced budget the Bureau of Labor Statistics has indicated that it will be forced to put its monthly food price index on a quarterly basis, thus making it available much less frequently and much less promptly; and it must also reduce the coverage and reliability of its wholesale prices indexes.

There is grave concern at this time as to the soundness of our price structure and price interrelations. Spreads between prices at successive stages of production and distribution are troubling us. These relations are complex; it is no simple task to analyze and judge them. Yet this task would be rendered even harder if we had to guess rather than know what was currently happening to prices.

Probably even more important than a loss of current and accurate prices information is the proposed reduction in Bureau of Labor Statistics information in employment and construction activities. In appraising the economic situation it is vital to know in what States or areas employment and construction are declining or expanding.

Unemployment does not spread itself evenly over the country, but develops at different times and to different extents in different areas. Likewise the construction industry is one of the most highly localized of industries, and it is subject to exceedingly violent fluctuations.

Without detailed and readily available break-downs of national totals on employment and construction activity, the policies adopted by the Government or by industry to combat a depression may be, at best, highly ineffective or, at worst, the reverse of those required. Yet under its reduced budget the Bureau of Labor Statistics is to discontinue its work on employment data in individual States and to maintain minimum estimates of construction volume on a national basis only.

The National Bureau of Economic Research is not competent to render an opinion on all parts of the Bureau of Labor Statistics program. But enough has been said, we think, to suggest that the consequences of a reduction in the appropriation for the Bureau of Labor Statistics are not necessarily negligible. They should be given full weight when balanced against the obvious gains from reduced costs of government operation.

A final comment on the present role of the fact-finding agencies of Government may not be out of order. The critical problems of our generation are those that involve political and economic relations among men and among nations.

Unless these social problems are solved the tremendous recent gains of the physical sciences and of the arts of engineering will be of very doubtful benefit to mankind.

It must be emphasized further that the individuals and agencies who are grappling with these national issues, with unemployment and poverty, industrial relations, alterations of booms and depressions, international trade, and the bases of international agreement on a host of political and economic questions, are largely dependent on agencies of Government for their facts.

The physicist, chemist, astronomer, and biologist draw the materials for their sciences from their laboratories. The economist, the sociologist, the political scientist must derive their observations from the compilations of the Bureau of the Census, the Bureau of Internal Revenue, the Bureau of Labor Statistics, and similar agencies of Federal and State Governments.

No individual or private agency is equipped to assemble the mass observations upon which realistic social sciences must rest.

We submit that it would be a grievous error indeed, at a time when the wise solution of social problems is of crucial importance to our Nation and to the world, to reduce the factual bases upon which the social sciences must rest.

Senator KNOWLAND. Are there any questions? Thank you.

The witness to appear next is Charles Stengle, representing the American Federation of Government Employees.

UNITED STATES EMPLOYMENT SERVICE AND UNITED STATES
EMPLOYEES' COMPENSATION BUREAU

STATEMENT OF COL. CHARLES I. STENGLE, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES

Colonel STENGLE. My name is Charles I. Stengle, legislative representative of American Federation of Government Employees, which body is affiliated to the American Federation of Labor.

Mr. Chairman, I shall be very brief: I am reminded of something that happened to me 24 years ago. At that time, I was running for Congress, and I prepared myself with what I considered an A-1 speech to start off my campaign.

When I arrived at the meeting place, the entire State ticket being named, I found that the governor had said much that I was going to say, that the legislators put up some of the other things, and we went on down the entire list of speakers until it came to me and there was nothing left for me to say.

I could only say, "Me, too."

I am in that position here this morning. I have listened to the many speeches very earnestly during the last week concerning various branches of the Labor Department.

UNITED STATES EMPLOYMENT SERVICE

I am particularly interested in the United States Employment Service and the United States Employees' Compensation Bureau.

I have tried as best I could to point out in my own mind what would happen if these two institutions, these two bureaus, were cut in accordance with what has happened already at the other end of the Capitol.

Then I have taken a second thought, and I have said about the best way for me to testify is to remind this committee that Mr. Goodwin, the Director of the USES, is a man who is reliable, dependable, and sincere, and I shall endorse his statement and make it a part of mine, if you please.

UNITED STATES EMPLOYEES' COMPENSATION BUREAU

As to the United States Employees' Compensation Bureau, I am well acquainted with the activities there. They have been running short-handed for 2 or 3 years. They have accumulated a backlog, they have many less employees now than they had some years ago, and they really need help.

I say again, knowing the reliability of Mr. McCauley, who is the Director of that Bureau, I am going to ask this committee to make

his speech for me and I shall O. K. it 100 percent because I know it is honest and true.

There is only one other thing I want to say, Mr. Chairman, either on or off the record:

I heard the other day that my good friend, Senator Dworshak, had raised a question about vacations, about their working less than when the law was enacted.

Senator DWORSHAK. I think you are in error there. I did not raise the question originally. I was not merely acquainted with the details.

Colonel STENGLE. I only want to set the record straight: When the Vacation Act was adopted, we were on a 39-hour week in the Government service, 5 days of 7 hours each and 1 day of 4.

Under the new act, during the war, we went on a 5-day, 8-hour week, so we worked 1 hour more every week than we did prior to the war, which is 52 hours in the year. It is just 6½ of more day's work done. I just wanted to get the record straight.

I thank you, Mr. Chairman.

Senator KNOWLAND. That completes the list of outside witnesses on the Labor Department that we have at this time. The committee will meet at 2:30 this afternoon and will run for about 2 hours. The Commissioner of Education will be the first witness.

(Whereupon, at 12:15 p. m., the committee recessed to reconvene at 2:30 p. m. the same day.)

AFTERNOON SESSION

The committee reconvened at 2:30 p. m., upon the expiration of the recess.

Senator KNOWLAND. The hour of 2:30 having arrived, the meeting will come to order.

The first witness this afternoon will be Dr. John W. Studebaker, Commissioner of Education. You may proceed.

FEDERAL SECURITY AGENCY

OFFICE OF EDUCATION

STATEMENTS OF DR. JOHN W. STUDEBAKER, COMMISSIONER OF EDUCATION, OFFICE OF EDUCATION; DR. KENNETH O. WARNER, DIRECTOR, DIVISION OF CENTRAL SERVICES, OFFICE OF EDUCATION; MISS MARIE E. SCHUTT, BUDGET AND FISCAL OFFICER, OFFICE OF EDUCATION; DR. RAYMOND W. GREGORY, DIRECTOR, DIVISION OF VOCATIONAL EDUCATION, OFFICE OF EDUCATION; AND M. A. STEPHENS, BUDGET OFFICER, FEDERAL SECURITY AGENCY

SALARIES AND EXPENSES

STANDARD CLASSIFICATION SCHEDULE

(The standard classification schedule is as follows:)

Salaries and expenses, Office of Education

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 esti- mate com- pared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
01 Personal services: Departmental.....	\$1,244,995	\$1,651,600	\$1,209,900	+\$406,605	-\$441,700
03 Transportation of things.....	511	546	511	+35	-35
04 Communication services.....	10,135	20,020	10,135	+9,885	-9,885
Payment for penalty mail.....	3,200	3,200	3,200	0	0
07 Other contractual services.....	9,025	12,079	9,025	+3,054	-3,054
08 Supplies and materials.....	7,375	9,100	7,375	+1,725	-1,725
09 Equipment.....	8,569	22,820	8,569	+14,251	-14,251
Grand total obligations.....	1,283,810	1,719,365	1,248,715	+435,555	-470,650
Transferred to:					
"Miscellaneous expenses, Office of Ad- ministrator, Federal Security Agency".....	+4,185	+7,335	+4,185	+3,150	-3,150
"General administrative expenses, Office of Vocational Rehabilitation, Federal Security Agency".....	+20,525	-----	-----	-20,525	-----
Excess of obligations over appropriation due to Public Law 390.....	-151,520	-----	-----	+151,520	-----
Total appropriation or estimate.....	1,157,000	1,726,700	1,252,900	+579,700	-473,800

DR. STUDEBAKER. Mr. Chairman and members of the committee, I think you have before you a copy of my prepared statement. If I may be permitted to do so, I should like to enter in the record the first two and one-quarter pages of my statement and then start to read on the third page.

(The statement is as follows:)

STATEMENT BY DR. JOHN W. STUDEBAKER, UNITED STATES COMMISSIONER OF EDUCATION, FEDERAL SECURITY AGENCY, TO THE SENATE APPROPRIATIONS COMMITTEE

Mr. Chairman and members of the committee, throughout the Nation there is widespread recognition of and concern about the crisis that prevails in the school system of almost every locality. Symbolic of this crisis is a serious shortage of qualified teachers. Before schools open next fall 44 State legislatures will have been in session, and, without exception, they face problems of grave concern

relating to education. An adequate service from the United States Office of Education is a resource which the States and innumerable organizations very much desire. I do not know of any significant opposition to the provision of such a service.

College enrollments, due to the influx of more than a million veterans under the stimulus of liberal educational provisions of the Servicemen's Readjustment Act, are at an all-time peak of more than 2,000,000 students. And the end is not in sight, for it is anticipated that the peak number of veteran enrollees will come about 1949 or 1950.

Crowding of the colleges has posed many difficult problems for higher educational institutions—problems of dormitory, classroom, and laboratory facilities; of securing instructors and textbooks; and of adapting college offerings to the needs of an unusually diverse and mature body of students.

Some assistance was provided by the last Congress under Public Law 697, which made available through the Federal Works Agency and the War Assets Administration help in securing certain temporary facilities, other than housing, and surplus equipment. Under that act the Office of Education was designated to certify the need for facilities and equipment. This we have been doing with funds transferred by those agencies.

As of March 1, 1947, applications had been received from 1,440 schools and colleges for assistance under Public Law 697. Need has been certified in the case of 1,275 institutions. The Federal Works Agency had approved 1,061 of these and had allotted \$67,303,677 to supply the buildings and equipment authorized. Some \$10,000,000 worth of surplus classroom and instructional equipment has been supplied to these institutions.

As I have indicated, during the last session of the Congress, Public Law 697, extending aid to educational institutions furnishing GI education, was enacted: the George-Barden Act, Public Law 586, provided increased Federal aid to the States for certain types of vocational education of less than college grade; Public Law 565 provided for participation by the United States in the United Nations Educational, Scientific, and Cultural Organization; Public Law 452 authorized the Federal Works Agency to extend limited Lanham Act aid for another year to school systems in congested areas; Public Law 396 established a permanent program of Federal aid for a program of school lunches, certain phases of which are administered by the Department of Agriculture; and Public Law 584 designated the Department of State as the disposal agency for surplus property outside the continental United States and earmarked funds thus derived for use in financing exchanges of professors and students under the supervision of the State Department between the United States and certain foreign countries.

The Office of Education has a direct responsibility under some of these acts; with respect to others, the Office has only an auxiliary concern. But in connection with these and numerous other matters the States, the Members of Congress, and the general public have continued to look to the United States Office of Education for many services.

Dr. STUDEBAKER. For the current fiscal year you allowed a small but encouraging increase in the staff for the Office of Education. In view of the continued serious shortage of personnel in the Office in most of its divisions and sections we are renewing our requests for relatively small increases in 1948.

ORGANIZATION OF OFFICE OF EDUCATION

At this point may I say, especially for the benefit of the new members of this subcommittee, that the Office of Education is organized in accordance with the general pattern of education throughout the country. There are eight operating Divisions as follows:

1. Elementary education.
2. Secondary education.
3. Vocational education.
4. Higher education.

5. School administration, including services in such fields as county, city, and State administration of schools; School transportation; State legislation affecting schools; financing education; school building surveys and planning; business management of schools.

6. Auxiliary services, including educational uses of radio, services to libraries, visual education, school-community recreation, administration of school-health services; problems of school-lunch management.

7. International educational relations.

8. Central services, including research and statistics; information and publications; the office library; budgets, personnel, and fiscal services.

In addition to these eight divisions, there is a small group in the Commissioner's office.

This relatively simple but much improved form of organization, as contrasted with the former organization which had grown like Topsy, was facilitated by action of the Congress 2 years ago. The chart to which I now direct your attention shows graphically how a number of small units of the Office were brought together in the eight divisions mentioned. Chart I which has been placed before you pictures the present Office organization. A set of strips, labeled chart II is also before you. These eight strips will show you in detail the organization of personnel which has been carefully designed and frequently checked and approved by expert professional educators as a plan toward the completion of which we should proceed from year to year in order to insure a balanced and consistent development.

In other words, there you have what might be called the plans and specifications for a reasonably adequate office of education. We, therefore, do not come to you merely to request more money; we present concretely a plan for the systematic development of a vitally important public service.

NEED FOR ADDITIONAL PERSONNEL

You will note that except for the Division of Vocational Education, in which we also need additional personnel, the divisions throughout the Office are, as I have said, seriously understaffed. The stars under the column headed 1947 indicate the positions that are now available in the Office.

ANNUAL EXPENDITURE IN UNITED STATES ON SCHOOLS AND COLLEGES

The United States spends annually some \$3,000,000,000 on the schools and colleges, public and private. There are enrolled about 30,000,000 pupils in the States and Territories in the 1,800 colleges and in more than 100,000 local school districts.

STATUTORY CHARTER OF OFFICE OF EDUCATION

Except as specifically authorized in various acts, such as those relating to grants-in-aid for vocational education and for the land-grant colleges and universities, the statutory charter of the Office is broad and general in character. The organic act of 1867 states in part that the United States Office of Education exists "for the purpose of collecting such statistics and facts as shall show the condition and prog-

ness of education in the several States and Territories, and of diffusing such information respecting the organization and management of schools and school systems and methods of teaching as shall aid the people of the United States in the establishment and maintenance of efficient school systems." Clearly it was the intention of Congress that the Office of Education should be an important service agency for all types of schools and colleges, both public and private.

INABILITY TO RENDER CERTAIN SERVICES

The Office of Education has never been able to fulfill that purpose in a degree that even approaches thoroughness and general effectiveness. In fact, there are many important areas of education regarding which the Office has never been, and is not today, prepared to secure and diffuse significant information.

For example, in the Office there is no one to serve in the vitally important field of the administration of school health services; no one in any of the foreign languages; no one in mathematics; only one person in the social sciences, he is in secondary education; only two persons in all of the professional fields on the college level. To secure and process statistics related to all aspects of education there are only 15 persons, 6 more than performed these services 12 years ago, but only 2 more than were engaged in this work about 15 years ago.

Obviously the office has always been and now is strikingly understaffed in terms of the purpose for which it was established. While the persons at work in the office are conscientious, competent, hard-working, and productive, they necessarily fall far short of carrying out the full purpose of the law, namely, to "collect and diffuse information that will aid the people of the United States in the establishment and maintenance of efficient school systems."

FEDERAL CONTROLS

We in the Office of Education enforce no standards, except those required by law with respect to the federally aided program of vocational education. We exercise no controls of the administration of education in the States. Indeed, it is a definite and long-standing purpose of the office to oppose such Federal controls by any agency, including the Office of Education.

FUNCTION OF OFFICE OF EDUCATION

We are not a school accrediting agency. We conduct studies and surveys of schools and colleges only upon their request. We conceive it to be our province to "collect and diffuse the facts and information" about educational policies, organization, practice, and trends reliably and effectively within the limit of our resources in order to advance the fundamental purpose of the statute which created the office, namely, "to aid the people in the establishment and maintenance of efficient school systems." This we do through research, fact finding, surveys, gathering and processing statistics, publications, correspondence, addresses, carefully planned national, regional, and State conferences with small and large groups, consultative services, and coop-

erative working arrangements with many public and private agencies. All of these activities are carried forward solely for the purpose of improving the ways in which education is organized and operated. In other words, our purpose is to help the people in the States to help themselves, to put education about education to work.

Mr. Chairman and members of the committee, I am sure you believe that what we are trying to do in the Office of Education is eminently worth doing, and worth doing well—much better than we are now able to do it. The future stability, development, and security of our country obviously depend upon sound, thorough, and universal education provided for the purpose of achieving our traditional hopes for the American way of life.

REQUESTS FOR SERVICES

The demands for services of the type the Office of Education was established to render are now far more pressing than at any previous period in our national life. For example, in recent months Vice Admiral Denfeld, then Chief of Naval Personnel, made the following statement to me:

From the standpoint of national defense and security, the Navy Department considers it vitally necessary to increase civilian and military education and instruction in technical fields generally, and specifically in subjects relating to electronics. It is evident that the needs of electronics personnel for industry and for military service in time of emergency may be met only by a vigorous training program including civilian educational institutions as well as military and naval training establishments.

INTERDIVISIONAL COMMITTEE ON EDUCATION IN NATURAL SCIENCES

Within the Office of Education, we have an Interdivisional Committee on Education in the Natural Sciences, representing each of the several divisions. With the cooperation of representatives of the Army and Navy this committee has analyzed the problem as follows:

1. The Navy is experiencing a great need for scientific and technical personnel and cannot secure enough persons with proper background.

2. The War Department reports a similar difficulty.

3. Industries are in great need of scientific and technical personnel. By paying high salaries they are attracting some of the persons they desire. They are attracting persons from the Navy, the Army, and teachers from the colleges and high schools.

4. Colleges are meeting their expanded student enrollments by assigning heavy teaching schedules to graduate students, thus delaying the research and special training of such students. Colleges are also employing many capable high school science teachers.

5. The high schools, our major reservoir for future scientific and technical personnel, must employ science teachers who are increasingly less capable than they should be. Thus we are failing to meet the growing demands for scientifically trained students; thus the basis for advancement in science and technology is being undermined.

6. Leaders in departments of the military, leaders in industry, and many leaders in colleges and secondary schools are convinced that our national security requires that plans should be made for high schools, junior colleges, trade schools, and technical institutes to perform the following functions:

(a) Interest larger number of secondary school students in scientific and technical careers.

(b) Provide good science instruction for students who plan to enter upon scientific work, as well as for the students who are preparing for other vocational careers.

(c) Provide better and more science instruction for all citizens, regardless of the ways in which such persons will secure their livelihood.

7. Leaders in departments of the military, leaders in industry, and many leaders in colleges and secondary schools are looking to the United States Office of Education for leadership and services in their attempts to meet present and future needs for scientific and technical personnel.

WAYS IN WHICH OFFICE OF EDUCATION CAN FACILITATE SOLUTION OF PROBLEMS CONCERNING SCIENTIFIC AND TECHNICAL PERSONNEL

There are several specific ways in which the Office of Education could facilitate the solution of these problems. Among them are the following:

1. Organize and conduct national, regional, and State conferences to explore the needs and to develop suggestions for cooperative activities to meet the needs. Included in such conferences would be representatives from colleges and technical institutes, general secondary schools and vocational schools, professional organizations, industrial organizations, and military representatives.

2. The gathering of factual information about the organization of science courses, teaching methods, and training of teachers. Information kept up to date about the status of science teaching is essential as a basis for designing and developing more vital types of courses and as a means of working out practicable teaching schedules that will make science instruction available to more students.

3. Preparation and distribution of publications to present the results of the foregoing surveys and recommendations in an interesting and stimulating manner. Throughout the country science teachers need aid help them in challenging the interest and imagination of high-school students.

4. Demonstration of improved teaching techniques and curriculum development through workshops and conferences serving especially general secondary schools, vocational schools, technical institutes, and higher institutions.

5. Stimulation and assistance in the development of studies and research programs to be undertaken by science teachers and State and local authorities.

The field of science and technology discussed above is but one of several fields closely related to national security, and in which our schools and colleges need services in the development of more adequate programs.

COOPERATION IN FOSTERING EDUCATIONAL PROGRAMS RELATED TO NATIONAL SECURITY

The Secretary of War has as recently as February of this year authorized the General Staff Division of Organization and Training to enter into formal discussions with the Navy and the Office of Edu-

cation for the purpose of determining what the Office of Education can do to foster educational programs that are deemed desirable from a national security point of view.

One educational project of fundamental importance to national security is, then, the one I have just outlined involving the improvement of: (1) The teaching of the natural sciences. There are two others which should be organized and developed similarly without delay—they involve, respectively, (2) the field of physical education and health instruction, and (3) courses designed to implant indelibly the ideals and benefits of democracy and equally clearly to reveal the character and tactics of totalitarianism.

SALARIES AND EXPENSES

AMOUNT OF INCREASE REQUESTED

To undertake and carry on these three programs and to provide some additional auditing services in the Vocational Division will require the restoration of \$473,800 for salaries and expenses.

PURPOSE OF FUNDS REQUESTED

Of this amount, as you will note in the material before you, \$125,615 is required as an irreducible minimum merely to maintain the present relatively meager staff of the Office of Education. The detailed breakdown of the \$125,615 will show the necessity for it. The remaining \$348,185 of the restoration requested will make possible the employment of some professionally prepared and experienced persons together with clerical assistance, especially in the fields of higher education, secondary education, and to some extent in elementary education; to develop and carry forward the three projects mentioned. The restoration, as I have indicated, will also provide some personnel to perform technical functions in connection with auditing State accounts in the field of vocational education. I doubt if anyone could successfully show that so little Federal money spent in any other way would produce so much in terms of national strength and security.

TRAVEL EXPENSES AND PRINTING AND BINDING

It should be understood that the amounts for travel expenses and printing and binding recommended for restoration are necessary to carry on the normal functions of the Office staff as recommended. To speed up and make really effective the three special projects to which I have referred there should be provided some additional funds both for travel expenses and for printing and binding.

LANGUAGE CHANGE REQUESTED

LIMITATION ON DIVISION OF VOCATIONAL EDUCATION

One final point: There is a change in language recommended. May I, therefore, at this time read with you the justification for the change which has been submitted to your committee.

Senator McCARRAN. Do you mean the change in the Organic Law?

Dr. STUDEBAKER. In the appropriations bill that is before you now.

That bill, as you will note, refers to the number of basic functions which we perform and provides for a certain gross appropriation for salaries and expenses. Then, there is added this proviso which we would like to have eliminated.

It is requested that the following phrase be eliminated:

of which not less than \$434,400 shall be available for the Division of Vocational Education as authorized.

Senator KNOWLAND. Has that language ever been in the appropriation before.

Dr. STUDEBAKER. In different forms. Last year, it was provided that "not to exceed so much should be provided for the Division of Vocational Education."

PRIOR CONSOLIDATION OF APPROPRIATION ITEMS

Prior to that year, there were four specific appropriations for the Office of Education: One for Vocational Education; one called Office of Education; one was for Services to Libraries; and the fourth one was for Services to the Blind.

It was decided 2 years ago by Congress to eliminate these four separate appropriations because it was impossible to operate the Office with those four appropriations only and to have everything going on in the Office carried on under those four titles.

For example, the four titles I just gave you said nothing about the Commissioner's Office, said nothing about the office library, which is used by everybody in the Office, said nothing about Editorial Service and Information Service, and the division which handles budgets, personnel, and fiscal services, obviously involving everybody in the Office.

The only way in which we would operate those various functions was to make up budgets for those specialized functions from the four appropriations provided. The same problem is present here. I can point out why this will not work.

EFFECT OF LIMITATION

The establishment of such a limitation in the appropriation defeats the purpose of the consolidated account and assumes that the personnel of a particular division of the Office organized at any given time for the most effective administration is self-contained in all of its operations.

That is obviously not the case in the instance under consideration. Numbers of people in other divisions of the Office regularly do work for and in support of the operations of the Division of Vocational Education.

For example, in other divisions there are persons who perform directly for the Division of Vocational Education such functions as the following:

Prepare pay rolls; maintain bookkeeping records; maintain time and retirement records; audit administrative accounts, such as travel and transportation vouchers; edit publications; provide essential library services; perform statistical services; and develop and pass upon general policies essential to the application of laws and in the maintenance of appropriate Federal-State relations.

Senator McCARRAN. In other words, as I understand it, your Department of Vocational Education calls upon your other departments for assistance?

Dr. STUDEBAKER. That is correct. It is set up like a good business organization would be set up, and therefore no one of the divisions can operate wholly under the appropriation that is labeled for it.

I wanted to finish one essential sentence in explaining the soundness of that policy of office administration: The effect of a provision which prescribes a minimum expenditure for any particular division which must necessarily depend for its success upon other divisions in the Office without at the same time providing equally adequate support for the personnel and services in the other divisions will render relatively ineffective the services of the division for which some special protection is sought.

For example, if we had no larger appropriation than the one the House passed, and we had to interpret that limitation—and there is some question as to how it should be interpreted—but if we had to interpret it to mean that we should spend \$434,400 on people who now sit in certain offices called the Division of Vocational Education, we would have to save money in other divisions and some of the saving in those other divisions might be made among pay-roll clerks who prepare pay rolls for the people in the Vocational Division.

The time has passed when we can operate on that basis. It all goes back, Mr. Chairman and members of the committee, to the time when the vocational work was a separate agency of the Federal Government and was, therefore, self-contained. At that time, for instance, there was a librarian and a library in the Vocational Division. Now we have the librarian and the library books in the office of education library, and that librarian's salary is not charged to the Division of Vocational Education but, together with others, serves that Division.

We do not intend to decrease assistance to that Division. The fact of the matter is, more money than \$434,400 will be required for the people who now serve within the Division of Vocational Education. We propose to provide it if we get the necessary appropriations.

Senator McCARRAN. Although they do not belong within the Division, they do serve the Division.

Dr. STUDEBAKER. Very much, sir.

Senator McCARRAN. Their salaries are paid out of the Divisions in which they regularly serve.

Dr. STUDEBAKER. That is correct.

Senator McCARRAN. There is no reason why one division of education should be static as to regards some other division, is there?

Dr. STUDEBAKER. Not at all, and I would say this: that if the Congress in a highly integrated organization such as the Office of Education should decide to earmark the minimum expenditures for any particular division, Congress should do it for all the divisions of the Office, because otherwise you do not know what the effect of your action will be.

APPROPRIATIONS FOR SPECIAL SERVICES

Senator McCARRAN. As against your position, Doctor, there is a thought that comes to my mind I would like to have you explore. Congress tries to appropriate for a given service. We always try to see to it that they money for a given service is appropriated.

If we find that the money having been appropriated for a given and specific service is diverted to some other service, then my experience has been that Congress chafes at that a great deal.

I know of one Department, one Bureau in the Department of the Interior that violated that beyond all description here in the last 2 years. In my mind it was a direct violation of the law, and those who violated it did it specifically, knowingly, and intentionally, and I think they should be put from public office for doing that.

I am just trying to bring that same thought into your Division here. In other words, this committee will try to assist in appropriating for each one of these particular Divisions the best we can, but when money appropriated to one Division is used for an entirely different object, then you defeat the will of Congress. Do you see what I am driving at?

Dr. STUDEBAKER. I do, Mr. Senator. Going back again to the reference I made to the time when we had four distinct appropriations, there was one for Vocational Education, one for the Office of Education, one for Services to Libraries, and the fourth one for Services to the Blind.

I mentioned, you remember, that those titles said nothing about the Commissioner's Office, budgets, accounting, and fiscal services; nothing about editorial service and information service; said nothing about the office library. Those are what you might call central services; they serve all divisions. We had to make up the personnel for these central services out of the four appropriations you made.

During a period of several years, of the total appropriation made for the Office of Education, 51 percent was labeled "Vocational Education," but never was more than about 34 or 35 percent of the cost of these central services taken from the appropriation for Vocational Education.

I thoroughly believe in vocational education. Under the appropriations you made, it was possible to assist vocational education in many ways.

The generalization one can make after 12 years' experience in the Office of Education is this: There has never been a year in which the proportion of the vocational appropriation used to support these central services equaled the proportion that the vocational appropriation was of the total appropriation for the regular work of the office.

EFFECT OF LIMITATION

So now that the Congress has departed from the policy of trying to make specific appropriations for such a small office, the limitation as proposed here will not work to the advantage of vocational education.

For example, should I transfer this librarian who, for 20 years, was paid for out of vocational funds from the Central Division over to the Vocational Division. That would require more than \$434,400.

It is a question of office management and fairness in handling all the problems. I have never received any money in my salary out of the vocational appropriation, but I for years spent half my time on vocational education, or more.

That is what I mean. I am sure we are carrying out the purposes of Congress. This particular item, \$434,400, includes the persons now working under Dr. Gregory, plus all the money those people would

need under Public Law 390, but it does not include some eleven or twelve thousand dollars those same people need to cover reclassifications and for automatic salary increases.

It is not enough even for the persons now in the Vocational Division proper.

So, if we can have restored the \$125,615, we can maintain the present staff in the office.

A résumé of the total situation is on the one sheet I now hand you.

Senator McCARRAN. I am trying to get clear in my mind why you want that language eliminated. I want to see how it operates.

Dr. STUDEBAKER. Mr. Senator, the House has appropriated \$1,252,900. If the language that is now in the bill means that we must spend \$434,400 of that on people who now work in what we have technically organized as the Vocational Division, we must dismiss people in other divisions in order to do that because the total appropriation is not adequate.

Senator McCARRAN. In other words, you cannot carry out the vocational education program with the money allocated to that by the House.

Dr. STUDEBAKER. We cannot.

Senator McCARRAN. You must call on the services of other divisions of your bureau.

Dr. STUDEBAKER. Very much so. That is the way the offices are organized.

Senator McCARRAN. In doing that, do you take from the other divisions? In other words, do you take from them so as to cripple them maybe?

Dr. STUDEBAKER. We certainly would. In taking people out of other divisions, we cripple them to such an extent that we would cripple vocational education.

Senator McCARRAN. Maybe I do not understand you, Doctor, but evidently we are not thinking along the same lines.

Supposing for education for vocational education you say, "I have got to call on two clerks out of this division and this division to do certain work in vocational education." Do you cripple the divisions from which you call for these services in any way?

Dr. STUDEBAKER. Senator McCarran, I think our minds are not quite tracking on that. May I approach the answer to your question in this manner? We have what we call, and I referred to it in my preliminary remarks, the Division of Central Services. In that Division under Dr. Warner and under Miss Schutt, the budget officer, there are people who handle pay rolls and fiscal services and keep the time for everybody in the office, audit all these travel vouchers, and so forth. They are doing a great deal of that work for the 84 people who work in the Vocational Division.

Senator KNOWLAND. Or at least are doing as much work for the 84 as percentage-wise they have with relation to the entire office.

Dr. STUDEBAKER. That is correct. The fact of the matter is, Senator Knowland, they are doing more than that proportion on the basis of the number of people we have, because it happens more of the people in the Vocational Division travel more and have more travel vouchers, but all that work goes in our central place where it is handled.

With this limiting language in there, if we were to try to spend \$434,000 on these 84 people who work under Dr. Gregory's supervision,

and we had no more than \$1,252,900, we would have to take people out of the Central Services Division, and in taking them out we would hinder the work of the Vocational Division.

As I said, for years we had a librarian in the Vocational Division proper. That librarian with the books was put over into the central library because the vocational people had to use the central library anyway.

The \$434,000 does not include that librarian's salary. That salary is carried under Central Services now.

I can assure you that everything possible will be done to advance the cause of vocational education. I came before the committee, you will remember, time and again during the war, and you appropriated funds, hundreds of millions of dollars, to the Office of Education, most of which was spent through vocational schools.

VOCATIONAL EDUCATION

Senator McCARRAN. There is not any question that throughout the country the vocational education phase of the American education is the popular phase. It is the popular phase of education. To my way of thinking, it is one of the most worth-while things we do.

Dr. STUDEBAKER. There is no doubt about it. I took a vocational course myself once, and learned to be a bricklayer.

In my preliminary remarks I mentioned some other aspects of education with which I think you will agree are also important. For example, take science. The young boys who go into vocational education need good science instruction. They do not get it under the subsidies of Congress. They must get it otherwise. Science instruction is not a part of the vocational program. They need physical education and health instruction. They are not subsidized under vocational education.

DEMOCRACY EDUCATION

Then there is this other program I mentioned. In addition to the science and physical-education programs, there is the program of real education for democracy, including a program to show our young people what communism really means. I particularly stress that because I think it is not being adequately done.

Senator McCARRAN. I am glad to hear you dwell on that, Doctor. I think when we are going to spend \$400,000,000 to try to stop communism some thousands of miles away from home, it might be well to spend considerable sums here to try to stop it at home. I think our educational institutions are one of the places, if not the place, where it can be stopped. I do think we should dwell more on giving to the youth of this country a knowledge of our form of democracy so that he will have no desire to lend himself to any other so-called form of democracy.

Dr. STUDEBAKER. Do you not think, Senator McCarran and other members of the committee, that our young people are like the rest of us in this fair land? We were raised to be quite naive. We are not possessed of a lot of suspicions of everybody. We are credulous.

Personally, I think the time has come when we need to strengthen everywhere in the country not only our teaching of the benefits of our way of life but the means by which we acquaint our young people

with the ways in which communism works. They do not know. They get into all kinds of groups and are taken in by people superior in their training in the practice of intrigue and deception.

That is certainly fundamentally the most important educational problem we face. In saying that I am not suggesting that we do it as a means of stirring up more antagonisms. So far as I am concerned, I am perfectly willing that any other country in the world can have any form of government it wants, but I think we ought to have the kind of government we want and we ought to keep and get our choice of government intelligently.

This program we are talking about, however, cannot be carried on without some leadership; and insofar as our office is concerned, we are now quite impotent. If you will look at the total list, you will see that we have 277 positions in the office today. You could count them up on those strips: 84 of them are in the Vocational Division and deal exclusively with education in agriculture, home economics, and trades and industries, distributive trades in the field of business.

As I pointed out, we have only one person in the whole field of social science. When undertaking to stimulate more active programs in any given educational field in the country, we must recognize that the curriculum is already fixed and crowded, and that, to effect changes, it is necessary to revamp and reshape the schedules of teaching, the content, and the teaching methods.

NEED FOR ADVISORY COMMITTEE

I would like to see in this particular project we are talking about a good, high-grade advisory committee set up to work with us. That is not a new practice for us. We have many of them, but I would like to see a high-grade advisory committee set up to work with the Office of Education on this particular program. I should like to see on that committee four representatives of Congress, two Members of the Senate, and two from the House, representing the two major political parties, together with some other competent people. That committee would help to formulate the objectives for this program of education and would guide our action in carrying it forward.

I had estimated at one time in a statement which I gave to some of you that the cost of this particular program for salaries and expenses would be about \$133,000.

I have changed that estimate to \$152,000. Instead of having four people work out in the field, I have put in six. That made the difference, with a couple of clerks. It is a small staff to undertake such a big order, but I think we would be surprised at what could happen during a period of 2 or 3 years in the marked change that would be effected in that fundamental program of education in this country.

If we do not do it, I do not know how it is going to be done otherwise.

SUMMARY OF NEEDS AND COSTS IN 1948

Senator KNOWLAND. I think at this point the sheet with the figures should go into the record.

(The summary is as follows:)

A. Proposed appropriations:	
1. Salaries and expenses-----	\$1, 726, 700
2. Printing and binding-----	210, 000
3. Travel expenses-----	223, 800
B. Salaries and expenses break-down:	
1. Approved by House-----	1, 252, 900
Restoration needed to maintain present staff:	
(a) to meet increased salary rates under Public Law 390-----	\$35, 000
(b) For automatic salary increases-----	24, 731
(c) For increased salary rates based on reclassifications-----	7, 483
(d) To provide full-time employment in 1948 in positions which were not occupied for a full year in 1947 (14 percent of this amount is required for the increase in salary rates provided for in Public Law 390)-----	58, 401
	<hr/> 125, 615
Additional restorations needed:	
(e) Science program-----	78, 254
(f) Physical and health-education program-----	83, 128
(g) Democracy versus communism program-----	152, 682
(h) To assist Commissioner in directing (g)-----	12, 996
(i) For auditors for vocational education-----	21, 125
	<hr/> 348, 185
Total for salaries and expenses-----	<hr/> 1, 726, 700
C. Printing and binding:	
2. Approved by House-----	71, 400
(j) Restoration needed for normal operations-----	48, 600
(k) Additional for the 3 programs—Science, \$25,000; physical education, \$25,000; democracy versus communism, \$40,000-----	71, 400
	<hr/> 90, 000
Total for printing and binding-----	<hr/> 210, 000
D. Travel expenses:	
3. Approved by House-----	95, 356
(l) Restoration needed for normal operations-----	58, 000
(m) Additional for the 3 programs—Science, \$19,000; physical education, \$21,000; democracy versus communism, \$30,000-----	70, 000
Total for travel expenses-----	<hr/> 223, 800

TRAVEL EXPENSES

Dr. STUDEBAKER. I am reminded here, Mr. Chairman, to call particular attention to the problem of printing and travel.

Senator McCARRAN. How much travel do you do in your Department? How much did you do last year?

Dr. STUDEBAKER. For the current year the appropriation is \$116,000.

Senator McCARRAN. Is that for printing, binding, and travel, or travel alone?

Dr. STUDEBAKER. Just travel, and \$50,000 of that is for the Vocational Division.

Senator McCARRAN. That is not all travel out of Washington; it is travel from the various educational centers in your various offices.

Dr. STUDEBAKER. We only have people in Washington. We have no field offices.

Senator McCARRAN. Now, for instance, on vocational education, my State has a representative. Is he paid travel by the Federal Government?

Dr. STUDEBAKER. The law provides that we apportion the appropriations to the States for the support of vocational education. Some of the apportionment to your State is used on the State level for supervisors, and to whatever extent the State matches that money, the Federal money, as well as money from Nevada, it may be used for the payment of the travel expenses of persons, not only within the State, but outside the State.

But that does not come out of our office budget. It comes out of the apportionment made as a grant to the States.

PRINTING AND BINDING

On printing, 20 years ago the Office of Education had more dollars appropriated to it for printing than we have this year. I suppose printing at that time cost 50 percent less, and we had only half as many people in the Office as we now have. The program of the type we are talking about cannot be carried on without an adequate supply of money for printing.

INCREASE IN PERSONNEL

There is one other thing I would like to say: Senator Dworshak, I noticed in the hearing when we were waiting to come before you, you were asking some questions about numbers of positions. I thought they were very pertinent. We had in 1938 just 202 regular positions in the Office of Education. We had in 1945, 203. There we went over a period of 8 years with the same staff. And during those years we carried a tremendously heavy load in conceiving, mapping out, developing, and carrying forward innumerable war training programs with an emergency staff. All of that emergency staff is gone, and we are thoroughly liquidated.

It has been only in the last 2 years, and, Senator McCarran, you will remember this, in terms of an improved organization of the Office that the Congress thought that for peacetime purposes the Office ought to be given some assistance. So, we have today 277 positions.

NUMBER OF POSITIONS REQUESTED FOR 1948

This program I presented to you on these sheets would provide for the Office 341 positions, which would certainly not be anything like doubling the number of positions in the last 10 years.

Senator McCARRAN. The 277 we gave you last year, did we not?

Dr. STUDEBAKER. That is right.

Senator DWORSHAK. You have listed 364 positions for 1948, Doctor.

Dr. STUDEBAKER. I do not know what you are looking at.

Senator DWORSHAK. It is the 1948 budget estimate of the Federal Security Agency, which shows 277 positions for fiscal year 1947 and the number of positions requested in the 1948 budget as 364.

Dr. STUDEBAKER. That is correct, but I talked to some of the members of this committee about what we ought to do, and if we were to carry forward these three projects that I talked about, instead of furnishing a more general distribution of personnel throughout all the divisions of the Office, we would then not need so many individuals, but we would need some people of a higher grade in order to perform these very technical, difficult duties.

Therefore, the number would be 64 additional people added to the 277, which would make 341.

NUMBER OF POSITIONS ALLOWED BY HOUSE

Senator DWORSHAK. The House gave you 249 positions.

Dr. STUDEBAKER. That is correct. They cut from what we have now. That would be really disastrous. You can see from those strips that generally speaking our staff is now only fragmentary.

We have gone to the trouble to give you a perfectly clear picture of what we have. As I said in my discussion of it, those strips would constitute the plans and specifications for the building of the Office of Education, so to speak, but we are trying to fill in some of the specifications.

Senator DWORSHAK. You are still asking for a restoration of all the cuts made under the budget by the House committee.

Dr. STUDEBAKER. Yes. I have called the \$125,615 an irreducible minimum. \$35,000, you will see, of that restoration is to meet the requirements of Public Law 390.

Senator DWORSHAK. Did the Bureau of the Budget give you all the funds you requested for your various functions?

Dr. STUDEBAKER. No, sir.

Senator McCARRAN. What did the Bureau allow you? How many did the Bureau allow you?

Dr. STUDEBAKER. The Bureau recommended the amount we are including here \$1,726,700.

INCREASES REQUESTED UNDER SALARIES AND EXPENSES

Senator DWORSHAK. Was that figure approved by the Bureau of the Budget and cut below what you originally asked them for?

Dr. STUDEBAKER. That is right; it was. That raises the question of how rapidly the general plan for the office is going to be carried out. It is not merely a case where we are asking for more money. When you look at those strips, you know we are developing a plan.

AMOUNT FOR INCREASED PAY COSTS

I call your attention to the fact that we need \$35,000 in the next year to meet the requirements of Public Law 390. I will tell you how that came about.

A few weeks ago we were asked to state how much money we needed for the current year in the deficiency for Public Law 390. We have not recruited right up to the last dollar of our appropriation for per-

sonnel. Therefore, we need against \$151,000 for the full year for Public Law 390, only \$116,000 for the current year, but we need \$151,000 for next year.

The amount the House looked at was \$116,000 instead of \$151,000, and approved for 1948 only \$116,000.

Senator DWORSHAK. It was assumed during last summer when the pay raise legislation was considered by Congress that there would be a certain amount of the increase absorbed by reduction of personnel, but that has not been accomplished to any great extent, has it?

Dr. STUDEBAKER. It has not been with us because, Senator, as I pointed out, after 8 years, the Congress saw fit to try to build up this Office a little and we have just this year put on the additional people allowed for 1947.

Senator DWORSHAK. The theory was by paying higher salaries, there would be a reduction in force, and that theory has not worked out that way, has it?

Dr. STUDEBAKER. No. We have just put on a number of positions that were authorized last year for the current year. The appropriation for the current year was made on the 26th of July, you will remember. Obviously, we did not need \$151,000 for 12 months for the new people, because they could not have been put on the pay roll for 12 months. They will be on for 12 months next year. That accounts for \$35,000 of the \$125,615 need as a restoration to maintain our present small staff.

OTHER INCREASES REQUESTED

Then the automatic salary increases require \$24,731. There have been a few reclassifications this year, which for 12 months next year will cost \$7,483. Then the people who had to be put on and were listed in our last year's proposals to Congress for nine-tenths or eight-tenths of a year will be on ten-tenths of a year next year. They will require \$58,401, making a total of \$125,615 merely to maintain the present staff.

If you want us to do any of this other work, I have mentioned—science, physical, and health education, this problem of education for our basic way of life—we will have to have more money to do it.

SCHOOL ENROLLMENT, 1938 AND 1947

Senator KNOWLAND. Have you any figures handy here as to the school enrollment in the country in 1938 as compared with 1947?

Dr. STUDEBAKER. I have not that available, but I can readily put it in the record.

Senator KNOWLAND. I think at this point it might be well to put it into the record.

(The information is as follows:)

	1938	1947 (estimated)
Elementary schools.....	22, 042, 902	22, 062, 000
Sunday schools.....	6, 736, 939	6, 275, 000
Colleges.....	1, 350, 905	2, 078, 000
Total.....	30, 130, 746	30, 415, 000

WORK IN CONNECTION WITH TRANSFERRING SURPLUS BUILDINGS TO
COLLEGES

Dr. STUDEBAKER. In the preliminary part of my talk which I did not read into the record you will note that I referred to a number of laws passed in which we are more or less involved. For example, you passed a law last summer providing \$75,000,000 to the Public Works Administration, in which you provided also that the Office of Education was involved. The money, \$75,000,000, was to be used for the purpose of defraying the expenses of transferring to school sites and college campuses surplus buildings. You remember the problem we had in Idaho. Under that law the Office of Education is responsible for determining the needs at each institution or in each school system. We recommend the needs to the Public Works Administration, and then the Public Works Administration attempts to find the property to transfer to the site.

Senator DWORSHAK. Have you entirely completed that program, Doctor, utilizing surplus facilities for education?

Dr. STUDEBAKER. I would say it is about 60-percent completed. It is still pretty active, and of course the enrollment in the colleges is going up and will be heavier next year than it is now. That creates more demand for physical plant facilities.

Senator DWORSHAK. Do you have funds in this for that?

Dr. STUDEBAKER. No. The small group we have working on that particular problem is paid for as the law provided out of the Public Works appropriation, but there again a good deal of the work comes back on the general administration of our Office—on myself, for example. I referred to some of those acts in the early part of my talk.

I think the time has arrived when for very practical purposes we ought to get underneath this science program and health program in the schools, and I have outlined the methods we would use. Certainly the third program is of crucial importance, but we cannot do it unless we have some assistance as indicated in the proposals before you.

ITEM OF DEMOCRACY VERSUS COMMUNISM

Senator DWORSHAK. Can you give us just a little more information on the item of democracy versus communism? You always have an item under that for travel expenses. I do not think I heard you refer to that. You also have an item for printing and binding.

Dr. STUDEBAKER. I tried to summarize the printing, binding, and travel expense items by showing (1) what the House allowed; (2) what would be required to be restored, what we need for our normal operations; and then (3) the items you have just now mentioned.

PRINTING AND BINDING

DEMOCRACY VERSUS COMMUNISM

On the item of democracy versus communism, the amount for printing and binding would be \$40,000. We anticipate that it is going to be very necessary to publish various materials for all three of the levels, elementary, secondary, and collegiate.

Senator DWORSHAK. How much did the House cut you on that item?

Dr. STUDEBAKER. We did not have a chance to discuss this matter in the House.

Senator DWORSHAK. Did they cut it?

Dr. STUDEBAKER. They did not see these items. They did not discuss them. There didn't seem to be time. If you look at the hearings, you will see that we spent about seven-eighths of our time discussing the complications of vocational education appropriations. We did not get a chance to talk about the other problems.

Mr. STEPHENS. For the Office of Education, the House allowance was \$71,400, against an estimate of \$120,000.

Senator DWORSHAK. What was your original request for the printing item for democracy versus communism?

Dr. STUDEBAKER. I did not have that detailed in the House estimates, Senator.

Senator DWORSHAK. How about the travel expense item for the same purpose?

Dr. STUDEBAKER. That was not detailed either. I must repeat what I said just a little while ago. Our main business is diffusing information about education. One of the most important methods of doing that is through the printed work. That is not the sole method, but it is exceedingly important.

Twenty years ago this Office had half as many people in it as we have now, and we had \$70,000 for printing. During the current year, we have only \$55,000.

Senator DWORSHAK. I was not critical, but I wanted a better understanding of what you embrace within that category. You have \$70,000 detailed for that particular function. That is an over-all program that deals with all of the various items under that general heading.

Dr. STUDEBAKER. That is for travel expense.

TRAVEL EXPENSES

Senator DWORSHAK. The \$40,000 for printing and binding and the \$30,000 for travel under the democracy versus communism, you have that separated.

Dr. STUDEBAKER. I have those separated so that you could see them as separate items.

It is \$40,000 for printing and binding and \$30,000 for travel. That we need in each of those instances, in addition to our regular appropriations which would carry on our normal operations.

FURTHER ENDOWMENT OF VOCATIONAL EDUCATION

SUPPLEMENTAL ESTIMATE

Senator KNOWLAND. I think at this point we have the supplemental appropriation. That can go in the record.

(The supplemental estimate is as follows:)

[S. Doc. No. 43, 80th Cong., 1st Sess.]

COMMUNICATION FROM THE PRESIDENT OF THE UNITED STATES TRANSMITTING
SUPPLEMENTAL ESTIMATE OF APPROPRIATION FOR THE FEDERAL SECURITY AGENCY,
FISCAL YEAR 1948, AMOUNTING TO \$15,101,739, IN THE FORM OF AN AMENDMENT
TO THE BUDGET

THE WHITE HOUSE, Washington, April 10, 1947.

THE PRESIDENT OF THE SENATE PRO TEMPORE.

SIR: I have the honor to transmit herewith for the consideration of Congress a supplemental estimate of appropriation for the fiscal year 1948 in the amount of \$15,101,739 for the Federal Security Agency in the form of an amendment to the budget for said fiscal year.

The details of this estimate, the necessity therefor, and the reason for its submission at this time are set forth in the letter of the Director of the Bureau of the Budget, transmitted herewith, in whose comments and observations thereon I concur.

Respectfully yours,

HARRY S. TRUMAN.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D. C., April 10, 1947.

THE PRESIDENT,
The White House.

SIR: I have the honor to submit herewith for your consideration a supplemental estimate of appropriation for the fiscal year 1948 in the amount of \$15,101,739 for the Federal Security Agency in the form of an amendment to the budget for the said fiscal year, as follows:

FEDERAL SECURITY AGENCY, OFFICE OF EDUCATION

On page 173 of the budget, column 2, under the head "Further development of vocational education, Office of Education." increase the amount of the estimate from "\$14,200,000" to \$29,301,739" ----- (increase) -- \$15,101,739

The budget message indicated that funds over and above the sum provided in the budget for 1948 might be necessary on the basis of later information from State and local governments on the availability of matching funds for the development of new programs of vocational education or the expansion of existing programs.

Such information is now available and indicates that State and local governments will increase expenditures for vocational education from \$72,000,000 in 1946 to \$122,000,000 in 1948, and that, therefore, the full amount authorized to be appropriated by the Vocational Education Act of 1946 will be required in 1948.

I recommend that the estimate be transmitted to Congress.

Respectfully yours,

JAMES E. WEBB.
Director of the Bureau of the Budget.

FEDERAL SECURITY AGENCY,
Washington, D. C., April 14, 1947.

HON. WILLIAM F. KNOWLAND,
United States Senate, Washington, D. C.

DEAR SENATOR KNOWLAND: Supplementing my letter of April 1 which requested restoration of a number of the items reduced by the House in H. R. 2700, there is transmitted an additional request and justification for an amendment to the amount provided for the "Further development of vocational education" in carrying out the provisions of the Vocational Education Act, 1946 (Public Law 586).

In submitting the budget for the fiscal year 1948, the President stated as follows: "Although the Vocational Education Act of 1946 (Public Law 586, 79th Cong.) increased the authorization of funds for the further development of

vocational education from \$14,483,000 to \$29,301,739, no increase in appropriation is recommended at this time. It is contemplated that information on the additional amounts which States and local districts can make available for matching new Federal funds will be available before the end of fiscal 1947 and an amendment may be submitted at that time." We now have the information from the States showing that funds have been made available to match the full amount of \$29,301,739 as authorized. Senate Document No. 43 has already been submitted recommending the increase.

This amendment which will provide an additional \$15,101,739, over the amount approved by the House in H. R. 2700, is based upon reports and information received and compiled subsequent to our hearings before the Subcommittee on Appropriations in the House of Representatives.

We are therefore requesting your favorable consideration in amending the amount provided for this purpose in 1948 to allow the full amount of funds authorized by Public Law 586.

Sincerely yours,

MAURICE COLLINS, *Acting Administrator.*

OFFICE OF EDUCATION

FURTHER DEVELOPMENT OF VOCATIONAL EDUCATION

(Estimate, 1948, \$29,301,739: total anticipation, 1947, \$14,200,000)

On page 15, line 20, after the words "(Public Law 586)", strike out \$14,200,000: *Provided*, That the apportionment to the States shall be computed on the basis of not to exceed \$19,842,759.97 for the fiscal year 1948, as authorized, and insert in lieu thereof "\$29,301,739."

Justification

In accordance with Senate Document No. 43 it is requested that \$29,301,739 be appropriated for further development of vocational education. This amendment to our estimate was submitted on the basis of reports received from the States subsequent to our hearing before the Bureau of the Budget last fall which indicated that the States are prepared to use and match the total funds authorized in the Vocational Education Act of 1946. State legislatures have met in many of the States and have appropriated increased funds for the purpose of expanding their programs in accordance with the intent and provisions of the new law. In addition, local boards of education have taken action with respect to establishing new and expanding old programs of vocational education and budgeting of funds necessary for their support. The States are making available in 1948, through State and local sources, approximately \$36,000,000 more than came from these sources in 1946.

If the total amount authorized in the act is appropriated for 1948 the funds will be apportioned on the basis of the formula provided in the law. The necessity for a proviso concerning the basis of apportionment would therefore be unnecessary and it is requested that the language be eliminated.

Further development of vocational education

Standard classification	Estimate, 1947	Estimate, 1948	Amount recommended by House	Increase (+) or decrease (-) 1948 estimate compared with 1947	Increase (+) or decrease (-) bill compared with estimate
11 Grants, subsidies, and contributions.....	\$14, 200, 000	\$29, 301, 739	\$14, 200, 000	+\$15, 101, 739	+\$15, 101, 739
Grand total obligations..	14, 200, 000	29, 301, 739	14, 200, 000	+15, 101, 739	+15, 101, 739
Total appropriation or estimate.....	14, 200, 000	29, 301, 739	14, 200, 000	+15, 101, 739	+15, 101, 739

GENERAL STATEMENT BY DR. JOHN W. STUDEBAKER, UNITED STATES COMMISSIONER
OF EDUCATION, BEFORE THE SENATE APPROPRIATION COMMITTEE

FURTHER DEVELOPMENT OF VOCATIONAL EDUCATION

The Seventy-eighth Congress in the passage of the Vocational Education Act of 1946, amended the George-Deen Act for the further development of vocational education by increasing the amount authorized for distribution to the States from \$14,483,000 to \$29,301,739. This increase in Federal funds is to be matched by State and local funds for vocational education on a dollar for dollar basis. The new act also changed the proportion of funds available in the different fields of vocational education, and increased the amounts of the minimum allotments to States.

The House passed the Labor Department-Federal Security Agency appropriation bill providing \$14,200,000 to be distributed on the basis of a \$19,842,759 appropriation to the States for vocational education. This invited either a deficiency appropriation or an amendment to the appropriation bill to at least guarantee the new minimum allotments to the States and an amount of Federal funds in all fields of vocational education at least equal to the amounts received last year.

If you will examine the record you will find that an effort was made on the floor of the House to increase the amount of the appropriation. It was pointed out that the amount of \$14,200,000 was recommended because justifications were not available showing that the States needed a larger amount. It was further pointed out that an increase should be recommended as soon as firm figures were available from the States. We now have the information from the States showing that the amount of \$29,301,739 is needed by the States to carry out new and expanded programs of vocational education in agriculture, trades and industry, home economics, distributive occupations, and vocational guidance. Our data are based on recorded actions of State legislatures and local school boards indicating that State and local funds will be available to match the full amount of the Federal appropriation possible under the increased authorization in the Vocational Education Act of 1946.

AMOUNT OF INCREASED AUTHORIZATION

DR. STUDEBAKER. I think the members of the committee know that you passed the George-Barden Act last summer, and that act displaced the George-Deen Act. The George-Deen Act authorized an allotment to the States as grants totaling \$14,883,000. The George-Barden Act authorizes the allotment of \$29,301,739.

SENATOR KNOWLAND. What is that figure again?

DR. STUDEBAKER. \$29,301,739.

SENATOR KNOWLAND. You say it authorizes that. Was there any amount appropriated, or is that based on a formula?

USE OF GRANTS

DR. STUDEBAKER. It is based on a formula. A great deal of the discussion in the House, as you will note in the hearings, was based on the complications involved in the formula. The money is authorized as grants to be used for the support of training in agriculture, trades and industries, home economics, and the distributive trades in the field of business, all of less than college grade. The money received by the States under the allotments shall be matched at least dollar for dollar.

You will see, therefore, with four phases of vocational education, the ones I have mentioned, and 52 States and Territories, there are 208 separate items to be figured as allotments to the States.

SURVEY OF AMOUNT STATES CAN USE

The House said definitely in the discussions that inasmuch as we were making the survey which we had reported to find out what the States could use, the House stood ready to increase the appropriation recommended, which was \$19,842,759, if the findings of the survey we were making indicated that the States were able to use their full apportionments under the \$29,301,739.

We had reported earlier to the Congress that we were making the survey and that legislatures were in session and were determining what they would appropriate for the purpose of matching possible Federal grants.

RESULTS OF SURVEY

Our survey shows that among the 208 separate items for those four phases of vocational education for the 52 States and Territories, the States are equipped to match at least dollar for dollar 132 of those allotments.

The structure of the act is such that if Congress desires to provide enough money to any State to enable that State to receive the full benefits of the authorization for any one of the phases of vocational education, it is necessary for you to appropriate the total authorization.

I have forgotten the figures, but, for example, if California, your State, Mr. Chairman, is entitled under the act to \$400,000 for agriculture out of the \$29,301,739, and the State of California says it is ready to match the \$400,000 with at least \$400,000 more, if every other State in the Union said it was not ready to match any of the other amounts, in order to get California the \$400,000 it would be necessary for you to authorize us to allot on the basis of \$29,301,739 because we have to apply the formula that would produce \$400,000 of Federal money for California.

All the evidence we can get from the States indicates that 132 of the 208 items will be more than matched. As an over-all figure I might explain it this way: During the current year, the States are matching the funds allotted under the George-Deen Act by about two and one-half to one.

EXTENT TO WHICH STATES ARE READY TO MATCH FEDERAL FUNDS

The survey we have conducted indicates that if you appropriate \$29,301,739, the States will match that amount of money almost two and one-half to one.

So, that is the problem. It is really a case now of the Federal Government standing ready to match what the States put up instead of the States standing ready to match what the Federal Government puts up.

AMOUNT OF ESTIMATE BEFORE HOUSE

Senator DWORSHAK. In the House bill I find the budget estimate for 1948 for this particular program is only \$14,200,000; is that correct?

Dr. STUDEBAKER. Yes; but Senator, if you will remember the total recommendation that came up here, this is what you will find.

Senator DWORSHAK. Did you not know when this budget request was submitted to Congress that \$14,200,000 was inadequate, or that you would have some requirements that were not anticipated at that time?

Dr. STUDEBAKER. Yes, sir.

Senator DWORSHAK. And what is the picture?

REASON ESTIMATE WAS SUBMITTED IN FORM CONTAINED IN BUDGET

Dr. STUDEBAKER. That was definitely stated in the recommendation that came up from the Bureau of the Budget. You will remember in the recommendation that came up, we said a survey was being made. The recommendation was that the Congress should authorize us to allot the money to the States on the basis of \$29,301,739, but the recommendation for an appropriation was exactly the same as it has been in recent years; namely, \$14,200,000.

Senator KNOWLAND. Was that done by the Bureau of the Budget?

Dr. STUDEBAKER. Yes; because they said, Senator, they did not know how much to appropriate, but they knew that we were making the survey.

Senator DWORSHAK. In other words, they could not anticipate what the various States would request in the way of matching.

Dr. STUDEBAKER. That is right, because the legislatures had not yet met and had not acted on the matter.

Senator KNOWLAND. What figure did you ask or suggest to the Budget Bureau would be required to carry out the provisions of this law? You must have made some estimate to them.

NATURE OF PRESENTATION TO BUDGET BUREAU

Dr. STUDEBAKER. I stated to the Bureau of the Budget what I have just explained to you, Mr. Chairman, namely, that even though we had not made a survey at that time and could not because the legislatures were not in session, I was sure that several States would match all of the money they could get under the \$29,301,739; and that if it is the intention of Congress to provide to any State that will match its full apportionment of that money the full benefits of the authorization, then the only alternative is to appropriate the full amount.

NATURE OF PRESENTATION TO HOUSE COMMITTEE

Senator DWORSHAK. When this bill was before the other body of Congress, did you request only \$14,200,000, or did you consider some other figure?

Dr. STUDEBAKER. We explained to them that we thought this was the way it would come out. We called attention to the fact that the budget message that came up here mentioned it definitely and stated the President had made certain reservations. Here it is on page M-34 of the printed budget for 1948. The President made the following statement with reference to this estimate:

In August 1946, the Congress increased the authorization for vocational education by \$15,000,000. It is not possible at this time, however, for the State and local governments to make firm commitments on the availability of matching funds for the development of new programs on vocational education or the expansion of existing programs. Therefore, although the estimates of appropriations and expenditures for the fiscal year 1948 included an anticipated supplemental appropriation under this authorization, it may be necessary to increase the amount on the basis of later information from State and local governments. Money for this purpose has been included in the reserve for contingencies.

Senator KNOWLAND. Then, theoretically, the budget item on reserve contingencies would be reduced by the difference between the 14 million and the 29 million.

Dr. STUDEBAKER. I do not know how that would be calculated, Mr. Chairman.

Senator DWORSHAK. Why do you not ask for the \$14,200,000 to take care of your specific sum for matching? Then when you have all the information as a result of the investigation currently being made, you can ask for a deficiency covering the precise amount you need.

Dr. STUDEBAKER. We do now have all the information. We have submitted it.

Senator DWORSHAK. But you did not have it when the bill was before the House.

Dr. STUDEBAKER. No. As a matter of fact, it was all scheduled for us to have it by the 15th of April, and we stated that to the House. After the House discussion, we did what we could to speed up the tabulations. We have pages full of them from every State.

But the problem you are up against is this: You can do something else. You can appropriate and authorize us to allot to the States \$25,000,000. We will apply the formula of the bill to it. That is one way to do it.

Senator DWORSHAK. Is the matching basis the same under the new bill as it was formerly?

MINIMUM GUARANTY TO A STATE

Dr. STUDEBAKER. Yes. The matching is dollar for dollar, but there is this essential difference in the formula: The minimum guaranty to a State is different now. It was formerly about \$65,000, and now it is \$135,000.

Senator DWORSHAK. Regardless of the ability or the willingness of the State to match?

Dr. STUDEBAKER. It has to match what it uses, but if the formula which is used—a population figure, or something of that sort in the different cases—does not produce against a certain amount you appropriate, \$135,000, let us say, for your State, we have to provide \$135,000.

Then we take what is left and apply the formula to it. It is a complicated calculation.

CONGRESSIONAL DETERMINATION OF AMOUNT FOR PAYMENTS TO STATES

We say that the States indicate in 132 of the instances mentioned, 208 in 52 States and Territories, for the four phases of vocational education, they can more than match the money.

Senator DWORSHAK. That is the maximum potential amount that may be requested as you see today.

Dr. STUDEBAKER. That is right. The problem we presented to the House was this: What is your policy in Congress? Do you wish to supply to any State that says it will match the money dollar for dollar the full benefits of the authorization or not? If you wish to do that, then you have to appropriate the full amount. Do you see what I mean by that?

Senator DWORSHAK. It is still discretionary, though, for Congress to determine how much shall be made available for matching by State funds.

Dr. STUDEBAKER. Exactly so. We have nothing to do with that.

PRIOR APPROPRIATIONS

Senator KNOWLAND. The amount last year under the George-Deen Act was \$14,483,000; is that correct?

Dr. STUDEBAKER. For a number of years, Mr. Chairman, under the George-Deen Act, which authorized a maximum of \$14,483,000, the House and the Senate concurred in appropriating only \$14,200,000. But they authorized us to apportion money on the basis of the full authorization, which was \$14,483,000.

All right. Whenever that took place in the spring, we would allot to the States one-half of \$14,483,000 the 1st of next July. That is the law. If by the following January, when we were expected to allot the second half, the balances from the previous year in the States did not make up the difference between half of \$14,483,000 and half of \$14,200,000, then we would have to come in for a deficiency.

Before the war we did come in for two deficiencies because the House appropriated less than it authorized us to allot.

PROGRAM SHOULD NOT BE HANDLED THROUGH MAKING OF DEFICIENCY APPROPRIATIONS

I have never believed Congress ought to do that. I have always thought Congress ought to settle that thing once and for all. It ought to decide what we ought to apportion to the States, and it ought to appropriate that much. It ought to cut out the red tape in handling the papers for deficiencies. You invite the deficiencies when you authorize us to allot on a higher basis than the amount you appropriate.

Senator KNOWLAND. I think you are only kidding the people, too, if you make a budget which does not support the program; and then after the news coverage is out that you will have as a budget such an amount, why, you come back 6 months or a year later and have a deficiency. It just is not giving the correct, over-all cost of Government to the people at a time they are entitled to have it.

Dr. STUDEBAKER. I have argued for the equalization of those two amounts, namely, the amount authorized to be apportioned to States and the amount appropriated, for 10 years. It simplifies government and does not lure anybody in asking for a deficiency.

That problem was not quickly understood in the House committee. We had to discuss it entirely too long, in my humble opinion. The basic legislation is complicated.

Senator DWORSHAK. You are throwing a hot potato in our lap after you have given the House an opportunity to bypass it.

Dr. STUDEBAKER. If you will read the results of the hearing in the House, Mr. Senator, you will see there are some people over there who would be happy to handle the hot potato if you know how to get it back to them.

Mr. STEPHENS. I do not believe the House misunderstood in this case. They went on the budget message that stated that the States were to be heard from, and Mr. Keefe made that statement on the floor,

that these people would present the figures. We had no alternative but to bring them to the Senate. I believe the House would go along at the moment on an appropriation being equal, whatever the amount is that the Senate decides on, on which they did not have an opportunity because the figures did not reach them.

Dr. STUDEBAKER. Possibly this suggestion might give you a little consolation, if it does not give you an alibi.

I see what you mean exactly.

My judgment is that if you authorize us to allot \$29,301,739, and appropriate that much, of course, then we will allot the money to the States under the law. When the end of the fiscal year comes, there will be a considerable amount of the 29 million in balance in the State treasuries, more than usual, obviously, because of the fact the total sum is greater.

What we do then is to subtract from the second allotment during the ensuing year for any State the balance which is on record in that State from the previous year. Then we get the thing going the way it ought to go, instead of trying to anticipate that balance and subtract it as a lapse in the appropriation against the amounts you authorize us to allot.

I can assure you it will save thousands of people a great deal of work if we can once face the issue and decide how much we will appropriate and authorize us to allot on that basis and be done with it.

Senator KNOWLAND. With the exception of some urgent item or emergency where a deficiency bill would be justified, I think too often deficiencies have been more or less of a routine matter. Knowing full well that the legislative authorization would require a certain amount of money they have committed themselves to paying, and then they would have to come forward with a deficiency.

I do not think that is good fiscal policy.

Senator DWORSHAK. The reason for the requests coming for deficiency, stems largely from the facts that if a certain appropriation is made for the function of a bureau or board, instead of spreading that over a 12-month period on the basis that that is all of the funds they will receive for that particular function over the fiscal year, they proceed to spend as they please during the early months of the fiscal year and then in the latter months they find the funds are exhausted. They are compelled then to come in and ask for money, after having more or less completely ignored the mandate of Congress for a retrenchment in that particular activity.

Senator KNOWLAND. I think the responsibility, of course, is both on the Congress and on the agency. I think first Congress should appropriate what is required to do the job and then let the agency know there will be no deficiency. Then the agency will proceed on the basis that what Congress appropriated is all they are going to get. If we proceed on that basis, these will not have the problem of deficiencies.

Dr. STUDEBAKER. I personally see no excuse, Mr. Chairman, for people in the States expecting to get a deficiency in this operation if you equalize in your action now the amount you authorize us to allot by the amount you appropriate. But the Congress for a dozen years I know about has always invited the deficiency by authorizing us to allot more money than Congress appropriated. I have never believed that was a good thing to do.

JUDICIOUS USE OF FUNDS REQUESTED

Senator DWORSHAK. This is virtually a hundred-percent increase in the amount of money which will be made available for this particular program. In your judgment, will all of that money be used judiciously in carrying out the mandate of what was the George-Barden bill, or will there be a gradual increase from the standards of the past few years until we reach this peak, or will it be done during a 12-month period?

Dr. STUDEBAKER. I think, Mr. Senator, that the money that is actually used will be used judiciously; but, as I said awhile ago, I would anticipate a considerable balance in the State treasuries at the end of the fiscal year. That money reverts to the Federal Treasury afterward.

For example, in the case of Idaho: The following January, when we make up the allotment for Idaho, we subtract from the amount we actually pay to Idaho against its normal allotment whatever the balance was the previous June 30. In that way we save paper work, but it does not cost the Government any more money.

ALLOCATIONS TO STATES UNDER GEORGE-BARDEN ACT

Senator KNOWLAND. Could you submit for the record and the committee the survey by States as to the amount that will be allocated under this George-Barden Act?

Dr. STUDEBAKER. These records are voluminous and will be made available to your committee. Some parts of them you may wish to print in the record.

Senator KNOWLAND. Are there any further questions?

TYPE OF INFORMATION OBTAINED FROM STATES ON AVAILABLE MATCHING FUNDS

Senator KNOWLAND. Commissioner Studebaker, on this list or survey that was made to determine the amount that should be allocated, is that a firm proposition? Have the States notified you that their legislatures have actually appropriated the funds or is that their best guess as of the present time?

Dr. STUDEBAKER. As you will see when we submit a more complete report than the table which I gave you, in a number of instances it was possible for us to get a firm statement because there had been definite, positive action by State legislatures. In other instances, it cannot be that precise because in some of the States there is no State appropriation to match the Federal appropriation, but only local appropriations.

Therefore, the local communities really match the Federal money, and that is called State matching.

So what the State departments of education did was to secure the best, most accurate statement of the available money in local communities, but that obviously cannot be as firm as a positive action on the part of the State legislature in terms of X dollars.

Senator KNOWLAND. Thank you very much, Commissioner.

The next witness will be from the Office of Vocational Rehabilitation.

OFFICE OF VOCATIONAL REHABILITATION

STATEMENT OF MICHAEL J. SHORTLEY, DIRECTOR, ACCOMPANIED BY JOSEPH HUNT, ASSISTANT DIRECTOR; JAMES J. BURNS, CHIEF, FISCAL STANDARDS AND CONTROL SECTION; DONALD H. DABELSTEIN, CHIEF, ADVISEMENT, TRAINING, AND PLACEMENT SECTION; AND M. A. STEPHENS, BUDGET OFFICER, FEDERAL SECURITY AGENCY

SALARIES AND EXPENSES AND PAYMENTS TO STATES

STANDARD CLASSIFICATION SCHEDULES

(The standard classification schedules are as follows:)

Payments to States, Vocational Rehabilitation Act, as amended, Office of Vocational Rehabilitation

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 esti- mate com- pared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
01 Personal services, field.....	\$100,584	\$150,935	\$83,087	+\$50,351	-\$67,848
02 Travel.....	966	1,390	800	+424	-590
04 Communication services.....	2,500	2,430	1,800	-70	-630
06 Printing and binding.....	100	150	150	+50	-----
07 Other contractual services.....	64,000	150,645	112,200	+36,645	-38,445
08 Supplies and materials.....	650	1,519	913	+869	-606
09 Equipment.....	1,000	1,208	1,050	+208	-158
11 Grants, subsidies, and contribu- tions.....	14,599,000	19,451,723	17,850,000	+4,852,723	-1,601,723
Grand total obligations.....	14,768,800	19,760,000	18,050,000	+4,991,200	-1,710,000
Reimbursement for services performed.....	-25,000	-50,000	-50,000	-25,000	-----
Excess of obligations over appropria- tion due to Public Law 390.....	-12,000	-----	-----	+12,000	-----
Unanticipated case load.....	-2,984,000	-----	-----	+2,984,000	-----
Total appropriation or estimate.....	11,747,800	19,710,000	18,000,000	+7,962,200	-1,710,000

General administrative expenses, Office of Vocational Rehabilitation

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 esti- mate com- pared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
01 Personal services:					
Departmental.....	\$417,069	\$533,563	\$369,772	+\$116,494	-\$163,791
Field.....	142,471	134,091	97,828	-8,380	-36,263
03 Transportation of things.....	1,400	-----	1,500	-1,400	+1,500
04 Communication services.....	8,200	10,980	6,900	+2,780	-4,080
05 Rents and utility services.....	6,200	6,200	5,800	-----	-400
07 Other contractual services.....	45,300	26,425	10,500	-18,875	-15,925
08 Supplies and materials.....	5,400	7,000	4,000	+1,600	-3,000
09 Equipment.....	5,715	8,241	2,200	+2,526	-6,041
Grand total obligations.....	631,755	726,500	498,500	+94,745	-228,000
Transferred to "Miscellaneous expenses, Office of the Administrator, Federal Security Agency".....	+1,500	+2,500	+1,500	+1,000	-1,000
Excess of obligations over appropriation due to Public Law 390.....	-68,955	-----	-----	+68,955	-----
Total appropriation or estimate.....	564,300	729,000	500,000	+164,700	-229,000

DIGEST OF STATEMENT

Mr. SHORTLEY. Mr. Chairman, I would like to have incorporated in the record a digest of my statement.

Senator KNOWLAND. That may be done.

(The digest is as follows:)

DIGEST OF STATEMENT BY MICHAEL J. SHORTLEY, DIRECTOR, OFFICE OF VOCATIONAL REHABILITATION

The vocational rehabilitation program aims to provide the opportunity for disabled persons to make their contribution to the economic and social life of the country. The 85 State agencies which operate this program estimate that over 1,000,000 persons are now eligible for this legally authorized assistance. It is estimated that persons rehabilitated in 1946 will return \$4,000,000 in income taxes. Seventy-five percent of these persons were unemployed before they received rehabilitation services; \$19,710,000 is required to meet the Federal share of the financing of this program. State agencies will have well over \$7,000,000 available next year. This is ample to meet their share.

The Federal Security Administrator is responsible for determining the effectiveness of State programs and their continued compliance with the Federal act and for assisting the States in providing effective programs on a State-wide basis for all of the disabled needing services. In making a reduction of \$229,000 below the budget estimate, the House committee does not allow sufficient funds for the discharge of this responsibility. The House committee report speaks of "a large administrative organization in Washington," whereas the 4-year average (1944 through 1947) for professional persons on the job was 50 man-years (for the entire Federal staff) for a program that is new and complex in the number and types of disabilities to be treated. The supervision required to maintain safeguards in providing medical and psychiatric examinations and treatment, surgery, hospitalization, suitable prosthetic appliances, etc., should be continuously available. The States openly express their need for this supervision. Rehabilitation procedures for epileptics, spastics, amputees, mentally retarded, and severely orthopedic clients are relatively undeveloped. Our requirements for general administrative expenses need not grow much larger, but the additional personnel requested are needed now in order that the disabled may get the fullest benefit from the funds appropriated for their permanent rehabilitation.

TEXT OF STATEMENT

Mr. SHORTLEY. I would also like to have made a part of the record my statement which I have given to the reporter.

Senator KNOWLAND. That may be done.

(The statement is as follows:)

STATEMENT OF MICHAEL J. SHORTLEY, DIRECTOR, OFFICE OF VOCATIONAL REHABILITATION, FEDERAL SECURITY AGENCY, AT THE HEARING OF THE SENATE APPROPRIATIONS SUBCOMMITTEE FOR LABOR DEPARTMENT AND FEDERAL SECURITY AGENCY APPROPRIATIONS

The aim of the vocational-rehabilitation program is to preserve and increase the opportunities of persons disabled by accident or disease to stand on their own feet and to make their contribution to the economic and social life of the community, of our States, and of the Nation as a whole. Any person of employable age whose physical or mental handicap impairs his ability to find or hold a regular job is a potential client of 1 of the 85 State agencies which operates this program. These agencies, to which the Office of Vocational Rehabilitation makes grants in accordance with the Vocational Rehabilitation Act, estimate that there are over 1,000,000 such persons eligible for guidance and assistance at this time.

During the 1946 fiscal year, 36,106 disabled persons were rehabilitated into employment to earn at an annual rate of \$56,300,000, an increase of \$44,800,000 in purchasing power. They were able to pay an estimated \$4,000,000 in income taxes. Seventy-five percent of these persons were unemployed at the time of initial interview. Many were taken from public-relief rolls.

The rehabilitation of an individual is not a simple task. The client and the counselor must work out jointly a plan which takes into account the aptitudes, skills, background, and needs of the disabled person. Psychologists, psychiatrists, and medical specialists make their contribution to many cases. The counselor is aided at all times by the report of a comprehensive medical examination and a case history. Successful, continuous, gainful employment at a job within his capacity is the objective of each client's individual plan.

To meet this objective, the State agencies must arrange for the provision of vocational guidance and for the purchase of necessary hospitalization, medical and surgical treatment, educational, tutorial; correspondence, or on-the-job training, and in some cases for maintenance and transportation of the client while he is in service, as well as placement of the client. A showing of economic need is required for certain of these services.

This State-Federal program is financed according to the formula set forth in the Vocational Rehabilitation Act, as amended. The request for \$19,710,000 is based upon anticipated total expenditures of \$26,622,000 (Federal and State funds), which includes estimated State contributions of \$6,912,000.

The 85 State agencies which operate the vocational rehabilitation program have notified the Federal Security Administrator that they are seeking appropriations aggregating \$8,148,000 for the 1948 fiscal year. It is expected that well over \$7,000,000 will actually be appropriated for vocational rehabilitation. The States will be able to meet their proportion of the financing of this program, but the cut of \$1,710,000 by the House of Representatives will impair the Federal Government's ability to underwrite its share.

The States are prepared to service 374,000 persons in 1948. The case load in 1947 will be 287,000, compared with 267,000 in 1946. They are counting upon \$19,710,000 from the Federal Government to help them carry out this plan.

Under the Vocational Rehabilitation Act the Federal Security Administrator has the responsibility of (1) determining the effectiveness of State programs and their continued compliance with the Federal act, (2) assisting the States in providing effective programs on a State-wide basis for all of the disabled needing services. To carry out this responsibility, \$729,000 was requested for 1948.

In making a reduction of \$229,000 below the budget estimate, the House committee report states that, while "during the formative years it was necessary to have a large administrative organization in Washington to assist in establishing procedures and advising States on the technical aspects of the program * * * the program is well under way and there is no reason for continuing a large administrative organization in the Federal Government."

There has never been a "large administrative organization" to carry out the duties imposed on the Federal Security Agency by the Vocational Rehabilitation Act. The present staff should be strengthened by the addition of 12 professional persons in the fields of medical consultation, program review, special problems of mental cases and seriously disabled clients, and in fiscal auditing and administrative review; 10 additional clerical assistants are also required. Following is a tabulation showing the man-years of personnel since the beginning of the program and the appropriations made for grants to States:

Fiscal year	Professional	Clerical	Total	Appropriations (grants)
1944.....	24	20	44	\$6,730,000
1945.....	45	36	81	8,000,000
1946.....	57	44	101	11,705,400
1947.....	73	68	141	11,747,800
1948 ¹	83	80	163	19,710,000

¹ Requested. House appropriated \$18,000,000.

The 4-year average (1944 through 1947) for professional persons on the job was 50 man-years, for a program that is new and complex in the number and types of disabilities to be treated.

The House report further states that "the Federal activities should be reduced to that minimum staff required to maintain a degree of supervision which will insure compliance with the law." The supervision required to maintain safe standards in providing for disabled people medical and psychiatric exami-

nations and treatment, surgery, hospitalization, suitable prosthetic appliances, occupational therapy, training, and small employment projects should be continuously available.

The States openly express their need for such continuous supervision. Rehabilitation procedures for epileptics, spastics, amputees, the mentally retarded, and severely disabled orthopedic clients who must work, if at all, in their own homes or sheltered workshops, are relatively undeveloped. Most of the 35 agencies for the blind participating in our program have had little experience in rehabilitating the blind into employment.

We are completely in sympathy with the desire of the Congress to reduce the size of Federal expenditures and will make every effort possible to operate an efficient program on the funds made available. As I explained to the House committee, our requirements for general administrative expenses for this program in the future need not grow much larger. But I do believe, and feel it is my responsibility to explain to the Congress, that the personnel requested are needed now in order that the disabled may get the fullest benefit from the funds appropriated for their permanent rehabilitation.

RESPONSIBILITY UNDER VOCATIONAL REHABILITATION ACT

Mr. SHORTLEY. Under the Vocational Rehabilitation Act we are responsible for the exercise of discretion with respect to many conditions governing the use of Federal funds. It is our duty to see that Federal funds are used effectively and to determine that only necessary expenditures are made.

Before a State agency is entitled to receive its initial grant of Federal funds, we must determine that its plan or program of operation meets 10 separate criteria set forth in section 2 of the act. And this responsibility continues for the life of the program. Each agency must be in conformity with the approved State plan required by the Federal act at all times.

Each quarter we must certify to the Secretary of the Treasury the amount due to each State. We must also, of course, determine by audit later that the funds so certified are expended in accordance with law.

Before we certify to the Secretary of the Treasury the amount he is to pay to each State, we must know that the State needs the funds to be granted. Our determination must be based on facts. We must rely upon the 87 State agencies and our entire staff to supply these facts. The States alone do not determine what is needed and thus create an unchecked demand on the Federal Treasury. They do submit, as the law requires, detailed budgets justifying their requirements for administration, vocational guidance and placement expenditures and for the purchase of case services enumerated in section 3 (a) of the law. Their fiscal officers certify the amount of State funds to be available, and the executive officers of the State boards indicate by reports the number of disabled to be served. However, it is the Federal Administrator and not the States who is required to determine the necessary amount of the grant and to certify its payment.

ORGANIZATION OF OFFICE OF VOCATIONAL REHABILITATION

The organization of the Office of Vocational Rehabilitation is, therefore, designed to assist us in carrying out our responsibilities for certifying funds to the States and in making final reimbursement to cover necessary expenditures in accordance with the law. It is composed principally of two divisions and seven regional offices.

REHABILITATION STANDARDS DIVISION

The Rehabilitation Standards Division's responsibility is to work out with the 87 State agencies safe standards for each of the various rehabilitation services needed by each of the 17 major groups of disabled people. Such services are medical and psychiatric treatment, surgery, physical therapy procedures, occupational therapy, special methods of training for all types and degrees of disabilities including the unique features of rehabilitation training for the blind, and sound standards of guidance and psychological services and testing especially adapted to each disabled individual.

The law requires that the Federal Administrator establish such standards and to see to it that they are continuously compiled with in order that the disabled will be rehabilitated safely and successfully and at the most efficient cost.

ELIGIBILITY FOR MEDICAL SERVICES

Section 3 (a) (3) of our law provides that eligibility for the various medical services is to be conditioned upon the status of the physical or mental condition of the client. It provides that corrective surgery or therapeutic treatment can be given (1) if it is necessary to correct or substantially modify a physical condition, (2) if the physical disability is static, (3) if the disability constitutes a substantial handicap to employment, and (4) if the disability is of such a nature that such correction or modification will eliminate or substantially reduce such handicap within a reasonable length of time.

NEED FOR MEDICAL PERSONNEL

Now the determinations necessary to be made to comply with these control features of the law are in the field of medicine and should be made by medical people. We require, therefore, a sufficient number of medical people to adequately maintain these standards. A particularly serious responsibility is to see to it that the medical services authorized by law do not gradually extend into generalized medical care which is specifically prohibited by section 3 (a) (3) of the Vocational Rehabilitation Act.

One State agency asked, for example, whether or not Federal funds would be available to reimburse for the treatment of a client with subacute bacterial endocarditis by protracted penicillin therapy. Consideration of the client's medical record by a member of our staff indicated that the condition was not static but active, that the treatment would be prolonged and that the chances for a substantial reduction in the disabling results of the heart condition were less than 50 percent. We had to determine, therefore, that this case was not eligible for such services under our law.

Another example relates to recent injuries such as fractures or severe burns. We know of several instances where a State agency has wanted to accept for medical services, within a few days of injury, a person who had a severe burn of an extremity. The person had third-degree burns and needed skin grafting but was under the care of a general practitioner who could not provide the specialized surgery. The State agency argued that the person would become a client later with a condition more difficult to cure. The argument was not without some

merit but, in view of the requirements of the law that a condition be "static," Federal reimbursement could not be made.

Until the average healing period has elapsed in traumatic injuries such as burns or fractures, the condition cannot be considered static. Acceptance of recent injuries for medical services would verge on "ambulance chasing" and would certainly be in the field of general medical care.

Questions of this type are constantly being raised in connection with many border-line conditions and while we may make certain generalizations, we cannot categorically exclude all of certain types of disabling conditions. The final determination is made in each case by the application of the specific legal criteria to the medical facts in the individual case.

NATURE OF REHABILITATION TASK

The rehabilitation of a disabled person is a complicated task, involving the skillful and delicate selection and application of techniques and procedures in accordance with scientific standards. The medical part of rehabilitation is one phase.

There are others, equally important. The client and his rehabilitation counselor must work out jointly a plan which takes into account the aptitudes, skills, interests and needs of the client. Not only medical men, but psychologists, educators, and social workers contribute their analyses and judgments to the plan.

NEED FOR TRAINED STAFF

In granting funds, we must have reasonable assurance that the funds are needed and will be used in accordance with law. We must have a sufficient number of trained staff to adequately review the methods of rehabilitation case work in the States to assure us (1) that the services received by the disabled are in accord with good professional standards, (2) that the economic needs test required by section 3 (a) (3) of our law is being observed and (3) that there is no failure to afford reasonable cooperation with other Federal and State agencies providing related services. The latter condition is covered in section 4 of the law and is one of the two bases on which a hearing must be held to determine whether or not the granting of Federal funds should be discontinued to a particular State.

UTILIZATION OF LOCAL SERVICES AND FACILITIES

Full utilization of all local services and facilities for the disabled prevent a waste of funds and avoid duplication of services. Section 3 (a) (3) requires that in applying the economic needs test full consideration must be given to the eligibility of a client for any similar benefit by way of pension, compensation, or insurance. Only by the fullest utilization of community resources and proper investigation of each case can the State agency comply with these provisions.

APPROPRIATIONS AND ALLOTMENTS BY STATES

Senator KNOWLAND. Incidentally, could you supply or do you have here for the record an exhibit of the exact appropriations that have been made by each State under this program?

Mr. SHORTLEY. Yes, sir; I can give you the estimate for 1948.

Senator KNOWLAND. We would like to have those for 1947 and the estimate for 1948.

(The information is as follows:)

Appropriations and allotments estimated to be available for vocational rehabilitation for all agencies participating in the vocational rehabilitation program for the fiscal years 1947 and 1948

	1947	1948 ¹		1947	1948 ¹
United States totals	\$5, 668, 130	\$3, 115, 440	Region V:		
Region I:			Iowa.....	47, 200	63, 090
Connecticut.....	156, 000	185, 815	Minnesota.....	64, 300	115, 350
Maine.....	40, 000	55, 000	Nebraska.....	48, 700	31, 000
Massachusetts.....	81, 000	81, 500	North Dakota.....	28, 000	41, 000
New Hampshire.....	15, 000	21, 600	South Dakota.....	15, 750	32, 625
New York.....	335, 000	369, 820	Total.....	203, 950	333, 065
Rhode Island.....	25, 000	38, 200	Region VI:		
Vermont.....	24, 000	43, 600	Arkansas.....	65, 000	100, 000
Total.....	676, 000	795, 735	Kansas.....	57, 000	112, 580
Region II:			Louisiana.....	131, 500	139, 000
Delaware.....	39, 800	72, 380	Missouri.....	100, 000	220, 630
District of Columbia.....	25, 000	25, 000	New Mexico.....	14, 000	28, 000
Maryland.....	48, 800	75, 000	Oklahoma.....	65, 000	125, 000
New Jersey.....	116, 400	177, 920	Texas.....	210, 000	452, 000
Pennsylvania.....	510, 000	485, 890	Total.....	642, 500	1, 177, 210
Virginia.....	116, 600	140, 865	Region VII:		
West Virginia.....	105, 000	210, 000	Colorado.....	17, 500	45, 000
Total.....	961, 600	1, 187, 055	Idaho.....	16, 880	24, 715
Region III:			Montana.....	45, 000	55, 215
Alabama.....	105, 000	150, 000	Utah.....	22, 500	37, 520
Florida.....	126, 000	225, 550	Wyoming.....	13, 000	19, 865
Georgia.....	300, 000	500, 000	Total.....	114, 880	182, 315
Mississippi.....	108, 000	113, 500	Region VIII:		
North Carolina.....	272, 000	370, 500	Arizona.....	15, 000	20, 000
Puerto Rico.....	60, 600	150, 000	California.....	300, 000	400, 000
South Carolina.....	128, 000	218, 630	Hawaii.....	15, 000	33, 865
Tennessee.....	125, 000	190, 000	Nevada.....	3, 300	3, 000
Total.....	1, 224, 600	1, 918, 180	Oregon.....	49, 000	59, 000
Region IV:			Washington.....	70, 200	113, 160
Illinois.....	545, 000	544, 360	Alaska.....	9, 900	18, 000
Indiana.....	175, 000	267, 450	Total.....	462, 400	647, 025
Kentucky.....	75, 000	81, 275			
Michigan.....	329, 000	436, 830			
Ohio.....	153, 200	347, 025			
Wisconsin.....	105, 000	197, 915			
Total.....	1, 382, 200	1, 874, 855			

¹ Review of appropriation acts and bills to date indicates about \$7,200,000 will be certified. Budget is based on \$6,912,000 State funds and \$19,710, 000 are Federal funds.

Mr. SHORTLEY. It is our responsibility to see that these provisions of the law are observed.

REQUIREMENT THAT VOCATIONAL REHABILITATION SHALL BE AVAILABLE ONLY TO CLASSES OF EMPLOYABLE INDIVIDUALS DEFINED BY ADMINISTRATOR

The law also requires that to be approved a State plan must provide that vocational rehabilitation shall be made available only to classes of employable individuals defined by the Administrator. We are responsible for determining that no particular disability group is denied service because their rehabilitation is difficult to attain.

"SEVERELY DISABLED" AND "MENTALLY RETARDED"

Two of these groups so defined are referred to as the "severely disabled" and the "mentally retarded."

There are 400,000 men and women so severely disabled that they have been neglected in the past because they are the most difficult of all the disabled to rehabilitate into employment. Within the past 2 years attention has been strongly directed to this problem by the House Subcommittee to Investigate Aid to the Physically Handicapped, the Baruch Foundation and the National Committee for the Severely Handicapped.

The mentally retarded (persons limited to learning and performing routine skills and tasks) represents the largest single group of handicapped. This is an entirely new field of rehabilitation. As a group, they present unique personal, social, and employment adjustment problems.

While it is our responsibility to see that the States are helping to restore these groups, we want to cite these as excellent examples of the need in a Federal-State partnership program for bringing about compliance on the part of the States through adequate and competent Federal assistance rather than through mere policing.

Recently, the Virginia State agency acquired the Woodrow Wilson Hospital in Richmond. This State agency intends to convert a portion of the hospital into a rehabilitation center, particularly for the use of the severely disabled. In cooperation with our staff, there has been secured from different parts of the country the best available advice and assistance in the planning of layout, equipment, types of personnel, variety of services, and so forth, that will produce lasting results at the least possible cost.

WORK WITH COMMITTEES OF THE STATES REHABILITATION COUNCIL

The solution of problems that are of mutual concern to all the States is also illustrated by our work with committees of the States Rehabilitation Council. At the present time, three such representative groups of State personnel are at work with our staff on problems of in-service training, business enterprises programs and methods of evaluating State rehabilitation programs.

VOCATIONAL REHABILITATION OF TUBERCULAR PATIENTS

Dr. Hilleboe, Assistant Surgeon General of the United States Public Health Service, pointed out in his testimony to Congressman Keefe's committee that the vocational rehabilitation of the tuberculous is a

responsibility of the Federal-State rehabilitation program. To carry out this responsibility we have initiated a united approach with the States, the Public Health Service and the National Tuberculosis Association and its numerous State affiliates.

VOCATIONAL REHABILITATION OF MENTALLY ILL

Special methods for vocational rehabilitation of the mentally ill, which were authorized by the 1943 act are being developed and evaluated through carefully organized demonstrations in Detroit, New York City and rural Connecticut communities. The National Mental Hygiene Organization is cooperating in these undertakings.

VOCATIONAL REHABILITATION OF THE BLIND

One well-known group of severely disabled people is the blind. Our law provides that the rehabilitation of the blind shall be administered by separate agencies for the blind in those States where statutory authority exists. There are now 35 agencies for the blind receiving grants from us. In the remaining States, the divisions of vocational rehabilitation under the States Boards of Vocational Education administer the program.

Although significant progress can be reported to date, a tremendous amount of work remains to be done to properly serve this group.

Rehabilitation procedures as conceived by Public Law 113 are new to most of these commissions for the blind. They need help and continuously request it. They and we need help in developing a national uniformity of successful methods for the rehabilitation of blind persons in all types of occupations including production industries, commercial enterprises and rural occupations.

They and we need help in making surveys of employment possibilities for the blind and in keeping abreast of technological changes which affect jobs for the blind in industry.

RESPONSIBILITIES UNDER RANDOLPH-SHEPPARD ACT

Our Services for the Blind also carries out the Administrator's responsibilities under the Randolph-Sheppard Act (Public Law 732, 74th Cong.). This act authorizes State agencies to grant licenses to qualified blind persons as operators of vending stands to be located in Federal buildings, and encourages the States to develop additional retail placement opportunities for persons who meet the requirements of the act. Provisions of the act have in the past been administered by the Office of Education.

By Agency Order No. 62, July 16, 1946 (pursuant to Reorganization Order No. 2), the functions of the Office of Education pertaining to the Randolph-Sheppard Act were transferred to the Office of Vocational Rehabilitation. Administration of the program is being integrated with that of the controlled business enterprises program authorized by language in the Federal Security Agency Appropriation Act.

These activities require coordination with the Post Office Department, Public Buildings Administration, and all Federal agencies

which occupy or have maintenance responsibility for buildings which are potential vending stand sites.

This office is responsible for establishing and maintaining standards governing the selection of stand sites, the training of operators, specifications for equipment, sound retailing practices, and so forth.

WORK OF RESEARCH AND STATISTICAL UNIT

The Rehabilitation Standards Division has also a very small research and statistical unit which has the responsibility of recording and analyzing the data received from the States concerning the movement of the case load, the characteristics of the case load, the variety and number of services being given to the different disability groups, the age ranges of the disabled clients, their income before and after rehabilitation, and other significant data needed by us in making determinations of payments under the law.

PROFESSIONAL PERSONNEL OF REHABILITATION STANDARDS DIVISION

The professional personnel of the Rehabilitation Standards Division during 1947 adds up to 30 people. We requested the House to appropriate sufficient funds to raise this number to 35—an increase of 5 professional positions. The cut made by the House will decrease this number to 23. This will be 12 less than the budget request and 7 less than the 1947 staff.

DIVISION OF ADMINISTRATIVE STANDARDS

The other main division is the Division of Administrative Standards.

In our discussion of the Division of Rehabilitation Standards, we pointed out that that division assists us in carrying out our responsibility for determining the cost and effectiveness of rehabilitation procedures in the fields of medicine, vocational guidance and training, and special problems of the blind.

CONTROLLING COST AND EFFECTIVENESS OF ADMINISTRATIVE ORGANIZATION OF STATE AGENCIES

The Division of Administrative Standards assists us in carrying out our responsibility for controlling the cost and effectiveness of the administrative organization of State agencies, and the fiscal management of funds through the review of State budgets and financial reports, the actual certification of funds, the auditing of State accounts, and the preparation of the Federal Budget.

CERTAIN REQUIREMENTS OF STATE PLANS

Section 2 of the law provides that to be approvable a State plan shall (1) show the plan, policies, and methods to be followed in carrying out the work under the State plan and in its administration and supervision, (2) contain such provisions as to the qualifications of personnel in administering the plan as are necessary to the establishment and maintenance of personnel standards and (3) provide such methods of administration, other than establishment and maintenance

of personnel standards, as are found by the Administrator to be necessary for the proper and efficient administration of the plan.

All reimbursement must be made in accordance with the provisions of the approved State plan and the State in its daily operations must conform to the approved plan.

The State, of course, is entitled at all times under the act to submit for our approval any revisions or amendments it desires to make. These amendments arise from changing conditions in the administration and application of rehabilitation methods. The Congress very wisely extended this privilege to the States in order that their approved State plans might at all times clearly show organization, policies, and methods in effect.

OTHER ASSISTANCE OBTAINED FROM DIVISION OF ADMINISTRATIVE STANDARDS

The Division of Administrative Standards assists us in determining approval of plans for (1) organization of central and district offices, (2) the number, distribution, and utilization of all State personnel, including work-load distribution, (3) the adequacy of qualifications and functional responsibilities of each type of State staff position, (4) the methods of administrative supervision to be employed, (5) the system of State administrative and fiscal reporting, (6) the number of area and district offices and the type, location, and rental costs of such offices, (7) the type and cost of furniture and equipment, (8) allocation of cost formulas under the law for rehabilitation centers, in-sanatoria programs—and similar administrative and fiscal standards and policies.

The Division of Administrative Standards is responsible not only for determining approval of plans for the various areas of administration we have just mentioned, but through careful on-the-spot administrative reviews of the State organizations in operation, determine the degree to which the approved State plan is being carried out in practice and where delinquencies exist, to help the State agency to bring about the necessary corrections to effect substantial compliance.

NUMBER OF REGIONAL OFFICES

Senator KNOWLAND. Do you have regional offices?

Mr. SHORTLEY. We have seven now; and if the cut proposed by the House goes through, the number will be reduced to five.

Senator KNOWLAND. How long have you had seven?

Mr. SHORTLEY. We started with seven in 1944 when we got under way.

Senator KNOWLAND. Where are the offices located?

Mr. SHORTLEY. Boston, Washington, Atlanta, Chicago, Kansas City, Denver, and San Francisco.

BREAK-DOWN OF ESTIMATED EXPENDITURES, 1947

Senator KNOWLAND. Can you give us a break-down and supply it for the record for 1947, showing administration, guidance, hospitalization, and just how the funds were spent in those different categories?

Mr. SHORTLEY. We have a chart with us and we can insert that.

Senator KNOWLAND. That will be done.

(The information is as follows:)

*Estimated expenditures for vocational rehabilitation by all agencies
for the fiscal year 1947*

Class of expenditure	Amount	Percent of total funds
Administration.....	\$1, 438, 067	7.30
Vocational Guidance and Placement Services.....	8, 239, 500	41.80
Services purchased for clients.....	10, 034, 200	50.90
Total expenditures.....	19, 711, 767	100.00
State share.....	4, 942, 500	25.1
Federal share.....	14, 769, 267	74.9

Mr. SHORTLEY. It has been our happy experience so far in this program that the State agency wants and requests our review of their operations. With this relationship both partners can carry out their responsibilities in an atmosphere of mutual trust and unity of purpose.

WORK OF DIVISION OF ADMINISTRATIVE STANDARDS

The Division of Administrative Standards reviews each year 190 6 months' budget estimates and prepares 362 quarterly grants. It reviews 87 annual State budgets submitted for analysis and tabulation in our preparation of the Federal budget. It analyzes 348 quarterly financial reports and correlates these with the State budgets submitted for grant purposes.

During 1948 this Division will audit the 1945 accounts of 22 agencies and 1946 accounts of 70 agencies. This is an excellent example of our inability to carry out a responsibility unless sufficient staff is made available to us. Audits of State accounts should be current. We should be ready to begin during July or August of this year to audit the 1947 accounts of the States.

BASIS OF ALLOCATIONS TO STATES

Senator KNOWLAND. Do you allocate to the States 100 percent of their costs rather than on a matching basis?

Mr. SHORTLEY. It is not all on a matching basis. It is 100 percent for administration, 100 percent for counseling and placement, and 50 percent for case-service costs.

Senator KNOWLAND. What section of the law do you do that under?

Mr. SHORTLEY. Section 3 (a). There is a specific formula spelled out.

Senator KNOWLAND. That formula provides for 100 percent allocation to the States?

Mr. SHORTLEY. Yes, sir; it does.

Senator KNOWLAND. May we have that to be made a part of the record?

Mr. SHORTLEY. Yes; we have a copy of the act here.

Senator KNOWLAND. That will be incorporated in the record.

(The information is as follows:)

PAYMENTS TO STATES

SEC. 3. (a) From the sums made available pursuant to section 2, the Secretary of the Treasury shall pay to each State which has an approved plan for vocational rehabilitation, for each quarter or other shorter payment period prescribed by the Administrator, the sum of amounts he determines to be—

(1) the necessary cost (exclusive of administrative expenses) to such State under the plan of providing vocational rehabilitation during the period for which such payment is to be made to disabled individuals certified to the State by the Administrator as war disabled civilians;

(2) one-half of necessary expenditures under such plan in such period (exclusive of administrative expense) for rehabilitation training and medical examinations where necessary to determine eligibility for vocational rehabilitation, the nature of rehabilitation services required, or occupational limitations, in the case of other disabled individuals; and

(3) one-half of necessary expenditures under such plan in such period (exclusive of administrative expense) for rehabilitation services specified in subparagraphs (A), (B), (C), (D), and (E), to disabled individuals (not including war-disabled civilians) found to require financial assistance with respect thereto, after full consideration of the eligibility of such individual for any similar benefit by way of pension, compensation, or insurance, such rehabilitation services being—

(A) corrective surgery or therapeutic treatment necessary to correct or substantially modify a physical condition which is static and constitutes a substantial handicap to employment, but is of such a nature that such correction or modification should eliminate or substantially reduce such handicap within a reasonable length of time;

(B) necessary hospitalization, in no case to exceed ninety days, in connection with surgery or treatment specified in subparagraph (A);

(C) transportation, occupational licenses and customary occupational tools and equipment not mentioned elsewhere in this subsection;

(D) such prosthetic devices as are essential to obtaining or retaining employment;

(E) maintenance not exceeding the estimated cost of subsistence during training, including the cost of any necessary books and other training material.

(4) expenditures in such period necessary for the proper and efficient administration of the plan, including necessary administrative costs in connection with providing the foregoing services to, and guidance and placement of, disabled individuals.

(b) In the case of any State found by the Administrator to have substantially exhausted its funds available for necessary expenditures specified in subsection (a), he may increase amounts payable to such State under such subsection during periods prior to July 1, 1945, under such conditions as shall be prescribed in general regulations promulgated by him.

(c) The method of computing and paying amounts pursuant to subsections (a) and (b) shall be as follows:

(1) The Administrator shall from time to time estimate the amount to be paid to each State under the provisions of this Act, such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended for vocational rehabilitation during the period for which such estimate is made, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such period, (B) a report filed by the State containing its estimate for such period of the administrative expenses to be incurred by the State board in carrying out its functions under such State plan, (C) records showing the number of individuals in the State needing and eligible under the State plan for vocational rehabilitation, and (D) such other investigation as the Administrator may find necessary.

(2) The Administrator shall then certify to the Secretary of the Treasury the amount so estimated by the Administrator for any period, reduced or increased, as the case may be, by any sum by which he finds that his estimate for any prior period was greater or less than the amount which should have been paid to the State for such prior period, except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior period

greater or less than the amount estimated by the Administrator for such prior period.

(3) The Secretary of the Treasury shall, upon receiving such certification, pay, through the Division of Disbursement of the Treasury Department and prior to audit or settlement by the General Accounting Office, to the State, at the time or times fixed by the Administrator, the amounts so certified. The money so received by the State shall be paid out in accordance with the provisions of the State plan.

NUMBER OF AUDITORS

Mr. SHORTLEY. We now have six auditors on our staff. If the action of the House is sustained, we may have to reduce this group to four. We requested approval of nine for 1948. The situation is such that even if nine are provided for, we will finish the 1948 fiscal year with at least 50 of the 1947 audits still to be done and 87 of the 1948 audits ready to begin.

PROFESSIONAL PERSONNEL OF DIVISION OF ADMINISTRATIVE STANDARDS

The professional personnel of the Division of Administrative Standards adds up to 19 for 1947, including fiscal auditors. We requested that the House increase this number to 26, an increase of 7 professional positions. The cut made by the House will reduce the number to 16, or 3 less than the 1947 staff.

PERSONNEL OF REGIONAL OFFICES

We have 7 regional offices in Boston, Washington, Atlanta, Chicago, Kansas City, Denver, and San Francisco. The total regional personnel for 1947 is 29. We proposed to the House to reduce this to 27 for 1948. The House cut will result, however, in reducing the present staff of 29 to 19, and will make it necessary for us to close the Denver and Washington regional offices in order to properly redistribute the work load in our 5 remaining offices, and to move the Boston regional office to New York in order to serve both the New England and Middle Atlantic States.

The remainder of our organization is composed of—

OFFICE OF DIRECTOR

1. Office of the Director, which includes two professional persons and three stenographer-clerks.

BUSINESS ADMINISTRATION SECTION

2. The Business Administration Section, which includes 16 clerks and 2 professional people who take care of all the Federal housekeeping—such as pay roll, personnel interviewing and recruitment and applications of personnel policies, procurement of equipment and supplies, maintenance of files, auditing travel vouchers, keeping the books of account for the Treasury and General Accounting Office, and similar housekeeping work.

INFORMATION SECTION

3. The Information Service, which includes four professional and two clerical positions. No increase was requested for this service for 1948, but the House cut will reduce it in size to five persons. This comes at a time when everyone interested in the rehabilitation of civilians uniformly declare that the program is not widely known. The Congressional Committee To Investigate Aid to the Physically Handicapped said in its October 1946 report:

It is important that such responsibilities as the Federal Government may assume should be common knowledge.

And, again:

A program of public education about physical disabilities, the physically handicapped and their problems should be a duty of this agency. It should also be responsible for an information service to the physically handicapped, and to the persons who serve them professionally or privately.

The unfortunate thing about this is that the earlier rehabilitation can be started after disability occurs the less expensive and more effective the job. An information service can make a great contribution in this respect to actual saving of public funds.

GENERAL ADMINISTRATIVE EXPENSES

ESTIMATE FOR FISCAL YEAR 1948

Our request for general administrative expenses was \$729,000 for 1948. The House approved \$500,000. The request provided for strengthening our staff by 12 professional and 10 clerical positions, bringing the total to 163. The additional cost was partially offset by a decrease of \$13,369 in obligations other than personal services. The effect of the House cut on our present staff can be seen in the fact that \$659,049, or 31.8 percent more than the House allowed, is needed to carry on in 1948 our 1947 staff and expenses.

EFFECT OF HOUSE REDUCTION

If the House cut is sustained our 1947 staff will be cut from 141 positions to 106, a loss of 35 positions, or 24.8 percent less than 1947. This reduced staff would be required to control 54 percent more Federal funds in 1948 than in 1947. This is a serious cut in view of the many responsibilities placed upon us for control of Federal funds which you have so kindly permitted us to discuss with you today.

REASON FOR EXPECTED INCREASE IN STATE FUNDS

Senator KNOWLAND. On page 243 of the House report you indicate that the State appropriation will jump from \$5,500,000 to \$8,000,000. Could you give us a little background as to why you think that increase will take place?

Mr. SHORTLEY. We are not counting on all of that increase in requesting \$19,710,000 Federal funds. When we were in the process of preparing the 1948 budget we met with a group of State directors for the purpose of making a determination as to whether or not the program would grow substantially next year as was indicated by the

trend shown in the growth during the first half of 1947 over the first half of 1946. At that time they estimated a considerable increase both in the number of clients served and the amount of service that was furnished to the clients.

At that time, it was contemplated that they were seeking \$8,400,000 in State grants.

Recent discussions with our regional representatives indicate that the State grants will be a little higher than \$7,000,000 for next year and we are counting on \$6,900,000 as the States' share of this program for 1948, and I am quite sure that with all the indications that are coming from the States at this late date that there will be at least \$7,000,000 available for State contributions for the program.

Senator KNOWLAND. You are going to supply us with that list of what the States will appropriate, what amounts?

Mr. SHORTLEY. That is already in for 1948.

Senator KNOWLAND. It is?

Mr. SHORTLEY. Yes.

AMOUNT STATES CAN PUT UP IN 1948 AND AMOUNT FOR 1947

Senator DWORSHAK. How much, Mr. Shortley, will the State provide to match the \$19,710,000 which you requested for grants for 1948?

Mr. SHORTLEY. Almost \$7,000,000. It is \$6,900,000 plus.

Senator DWORSHAK. How much did they make available in 1947?

Mr. SHORTLEY. A little less than \$5,000,000.

You see, the State legislators have met but once until this year since this act was passed. This act was passed in July 1943.

Senator DWORSHAK. I was trying to ascertain how much the States will increase for matching the 1948 amount over 1946.

It will be what, about \$1,500,000?

Mr. SHORTLEY. \$5,000,000 to \$7,000,000. It will be about \$2,000,000.

INCREASE IN AMOUNT REQUESTED FOR PAYMENTS TO STATES

Senator DWORSHAK. You are asking for an increase from \$11,747,800 in 1947 to \$19,710,000 or an increase of about \$8,000,000 in the State grants; is that right?

Mr. SHORTLEY. There is another figure that should be taken into consideration with that. The \$11,747,000 is a little less than is needed in Federal funds to take care of the State funds that were available this year.

Senator DWORSHAK. You asked for that last year or was that the amount appropriated?

Mr. SHORTLEY. That was the amount appropriated and our request is in for a deficiency.

ALLOCATIONS TO STATES

Senator DWORSHAK. Who makes those allocations to the State?

Mr. SHORTLEY. We make the allocations based on the formula established in the law.

Senator DWORSHAK. Do you have discretion?

Mr. SHORTLEY. We have no discretion with reference to the formula. The formula says you shall reimburse the States for 100 percent for administration, 100 percent for counseling and placement, and 50 percent for case work.

Senator DWORSHAK. What if they came in here and wanted \$100,000,000 in grants, Federal grants, would you be obligated to provide that amount?

What if the various States, recognizing the desirability of this rehabilitation program, and it is very vital, of course, to all of the people of all of the States, made a request for \$100,000,000? Theoretically, would you request that amount from Congress?

Mr. SHORTLEY. That is a large figure, but if there were in a particular State disabled people that needed services and if there were an organization that was doing an effective job, we would have no choice but to request the funds that were necessary to reimburse them according to the formula prescribed in Public Law 113.

Senator KNOWLAND. Supposing Congress had provided only \$15,000,000 or \$20,000,000 for doing the job? Do you feel there is no restriction on your agency as to deficiency spending?

Mr. SHORTLEY. We cannot provide the funds if we do not have them. No; we cannot do that.

DEFICIENCY REQUEST FOR 1947 FOR ADDITIONAL AMOUNT FOR PAYMENTS TO STATES

Senator KNOWLAND. How then do you come up with a deficiency appropriation?

Mr. SHORTLEY. This deficiency for 1947 is for \$1,734,000. We went through three-quarters of the year and started the fourth quarter with a balance of \$1,810,000.

Senator KNOWLAND. How does the deficiency arise? What brought that about?

Mr. HUNT. The requirements for the last quarter would be about \$3,500,000. When the fourth quarter opened we had only \$1,800,000 in the Treasury. This created a deficiency for which we have asked the Congress to appropriate funds.

Senator DWORSHAK. The controls are entirely outside the hands of Congress. They rest with the respective State, and they can outline their programs depending upon the need and then come in here and automatically expect the Congress to make the grants available?

Mr. HUNT. As we understood the law and have acted on that understanding the Federal administrator has discretion with regard to the use of the funds.

He has in the law the responsibility for determining whether payments are necessary or not, and that the State needs that money for necessary purposes. As we read the law, we did not seem to see that he had control over the total amount once the necessity was determined.

Senator KNOWLAND. Have you had any legal ruling from the Solicitor or Attorney General to that effect?

Mr. HUNT. We had an opinion from our own Office of the General Counsel which we put into the record in the House hearings.

Senator KNOWLAND. Where does that appear in your hearings?

Mr. HUNT. Before Mr. Taber's committee in the House and also in the hearings not yet printed of Senator Bridges Subcommittee on Deficiencies.

PAYMENTS TO STATES

REASON FOR INCREASE OVER CURRENT FISCAL YEAR

Senator DWORSHAK. Mr. Shortley, for the current year you had \$11,747,800 and you are asking for an increase for about \$8,000,000. What I am trying to find out is whether that increase is largely the result of determinations which have been made by your Office or because the States have requested that amount. Why are you asking us to increase the funds for grants by about \$8,000,000?

Mr. HUNT. The truth of the matter is that with Federal funds of \$11,747,800 plus, if Congress sees fit to grant it, an additional \$1,734,000, the States will have more than enough State funds for their share. In order to use their \$5,000,000 the States would require between \$14,000,000 and \$15,000,000 in Federal funds.

PERCENTAGE OF FEDERAL AND STATE FUNDS

Senator DWORSHAK. In other words, the States are providing only a small amount of the over-all program, and so it is more or less inconsequential for them to ask for funds because they do not have to match dollar for dollar, do they?

Mr. HUNT. Only for certain parts, Senator. The percentages run about 73 percent Federal funds and about 27 percent State funds.

Senator DWORSHAK. About 3 to 1?

Mr. HUNT. In determining the necessary amounts for administration, vocational guidance, and placement services, and the various case services such as surgery, hospitalization, training, and so forth, the pattern has been running 73 percent Federal and 27 State.

EXTENT TO WHICH VETERANS COME UNDER PROGRAM

Senator DWORSHAK. Why does it expand so rapidly? The veterans do not come under this program do they?

Mr. HUNT. The most conservative figure we have been able to get, comes from the States themselves who calculate that there are 1,200,000 people ready for services in this program. Voluntary organizations have calculated figures much higher than this.

Senator KNOWLAND. But there are no veterans who receive aid in this program?

Mr. HUNT. Not unless it would be the case of a veteran who under the law had a non-service-connected disability.

Senator KNOWLAND. There are no service-connected?

Mr. HUNT. That is right, but we do rehabilitate some World War I veterans because there is no longer any World War I veterans' rehabilitation program.

Senator DWORSHAK. You would not have many of those?

Mr. HUNT. We could supply that to the committee.

Senator KNOWLAND. Will you please supply that to the committee?

Mr. HUNT. We will try to prepare that. The average runs lower

than you would expect because the average age of our clients is not high.

Senator KNOWLAND. We would like to have that for the record.

(The information is as follows:)

Data on the number of veterans of World War I rehabilitated by the State rehabilitation agencies are not available. Earlier data than 1943 had indicated that less than 1.5 percent of cases closed had disabilities whose origin was "war service."

Estimates based on the age groups 45-64 for the 1946 male rehabilitants related to the proportion of the male population drafted or enlisted during World War I (allowing for the effect of deaths) indicates that between 1 and 2 percent (400 to 700) of the rehabilitants during the fiscal year 1946 may have been veterans of World War I, injured in industry or otherwise.

EMPLOYEES ENGAGED IN PERSONNEL WORK

Senator KNOWLAND. I notice you have 18 employees engaged in personnel work.

Mr. HUNT. That is the name of that service but that is not a personnel service as such. It is a housekeeping service inside the Office of Rehabilitation and has nothing to do with the States. They take care of our own pay roll and take care of the people looking for jobs and take care of personnel policies.

TOTAL NUMBER OF EMPLOYEES

Senator KNOWLAND. Your total number of employees is only 163. Is that not a pretty high percentage, 18 to 163?

Mr. HUNT. There are four people, for example, who do nothing but keep the accounts, audit the travel vouchers and take care of procurement and the getting of equipment for our office.

Senator KNOWLAND. It seems that 10 percent of your total force seems to me to be a high percentage devoted to your total work.

Mr. SHORTLEY. In addition they handle in that unit all of the procurement services for the operation of our rehabilitation program in the District of Columbia; that is the only rehabilitation service we operate ourselves. All of the procurement services that are handled for the District service are handled by this unit.

CASE LOAD IN DISTRICT OF COLUMBIA

Senator KNOWLAND. How many people are in the District of Columbia and obtaining service as the result of this program?

Mr. SHORTLEY. Clients?

Senator KNOWLAND. Yes.

Mr. BURNS. We have a case load of about a little over 3,000.

PUBLIC RELATIONS SECTION

Senator KNOWLAND. How many do you have in your Public Relations Section at the present time?

Mr. HUNT. We have four professional people and two clerks.

Senator KNOWLAND. Could you submit to the committee a list of the releases they put out during the month of March?

Mr. HUNT. During the month of March?

Senator KNOWLAND. Yes.

Mr. HUNT. We will do that.

(The information is as follows:)

REPORT OF WORK DONE DURING MARCH 1947

Completed final draft of pamphlet, Civilian Amputees in Action, for distribution to amputees, principally through State vocational rehabilitation agencies. This is a handbook which answers questions basic to successful rehabilitation of amputees.

Completed first draft of pamphlet, Opportunities for the Blind and the Partially Blind, for distribution to visually handicapped persons, principally through State agencies.

Completed and sent to printer pamphlet, Starting a Small Retail Business. This is a guide to disabled persons, pointing out the need for preparation and the risks involved. To be distributed through rehabilitation counselors to disabled persons interested in self-employment.

Revised pamphlet, Physical Rehabilitation of the Amputee, a counselor's handbook.

Completed first drafts of 13 dramatized radio programs (13½ minutes) for transcription and broadcast over local stations by State vocational rehabilitation agencies.

Completed production of sets of four posters to be used in portable exhibit frames by State vocational rehabilitation agencies. (Exhibit frames and cases obtained without cost from a liquidated agency.)

Produced informational plan and materials now in use in connection with current intensive project of case finding and rehabilitation in Garfield County, Okla.

Completed first draft of informational plan, for use of State vocational rehabilitation agencies and State commissions for the blind in connection with training institutes for industrial specialists for the blind.

Issued one press release (announcing clinic on physical restoration) and covered this conference by phone for press and wire services.

Issued one State Exchange Service item—development of showing of OVR movie, Come-back, to South Dakota Legislature.

Issued four advisory memoranda to all State agencies, as follows: Three establishing and stimulating use of report of film showings; one outlining a method of using the business press in the promotion of job opportunities for the handicapped.

Arranged for display of exhibits at National Conference of Social Work in San Francisco (now in progress); New Jersey Medical Society; American Association of Industrial Physicians and Surgeons.

Completed arrangements for cooperation of American Medical Association's council on industrial health in distribution of pamphlet, The Doctor and Vocational Rehabilitation for Civilians.

Obtained authors' and publishers' permission and placed orders for reprints of following articles: Tap a New Labor Source—blind workers—from Southern Automotive Journal February 1947. These Deaf Mutes Are Good Factory Workers, Factory Management and Maintenance, August 1946. Damaged Bodies With Sturdy Souls, New Orleans Times-Picayune.

Handling press and other inquiries and advising individual State agencies on informational problems constituted the balance of our activity for the month of March.

ADDITIONAL POSITIONS REQUESTED FOR 1948

Senator DWORSHAK. Mr. Shortley, you want 32 additional positions for the coming year?

Mr. SHORTLEY. No, 22.

You see, we provide services and are responsible for services to 85 State agencies.

Senator DWORSHAK. I realize that, but I have a statement from the Federal Security Agency, and it shows employees during 1947 as 131 and an average number of employees requested for 1948 of 163; that makes 32.

Mr. HUNT. May I give these figures, sir?

The staffing schedule allowed with our present funds for 1947 was 141 and during the course of the year there occurred several vacancies. At the time those figures were collected, I believe it was 131 and I think it is now 134.

Senator DWORSHAK. The House gave you those positions and you want 57 positions restored?

Mr. HUNT. Yes.

Senator DWORSHAK. Do you think it is necessary to have all of those? Do you not think you can operate on the basis of the current year without asking for additional help?

Mr. SHORTLEY. We could but there would be a great many things left undone that should be done at this stage of the development of the program. For instance, we have now reached the point where we should be providing leadership and guidance to the States in setting up rehabilitation services and practices, methods, and procedures for dealing with the severely handicapped and with the home-bound. I think there are probably not more than half a dozen programs in operation now for the home-bound and we should have someone on our staff that is developing standards and materials to get into the hands of the State agencies so that each State will not have to do all of the work itself from scratch.

Senator DWORSHAK. That is all I have.

DISABLED PERSONS EMPLOYED IN OFFICE OF VOCATIONAL REHABILITATION

Senator KNOWLAND. How many in your service have you that have been rehabilitated?

Mr. SHORTLEY. We have, I think, about 25. I can give you a list but I think 25 is the number that are substantially handicapped. Six of those are totally blind.

Senator KNOWLAND. Would you supply that information?

Mr. SHORTLEY. Yes.

(The information is as follows:)

Disabled persons employed in the Office of Vocational Rehabilitation

	<i>Disability</i>
Chief, services to blind-----	Blind
Specialist, rehabilitation of the blind-----	Do.
Social economist-----	Do.
Specialist, rehabilitation of the blind-----	Do.
Chief, business enterprise program-----	Do.
Social economist-----	Do.
Clerk-typist-----	Do.
Supervisor, services to the blind (District of Columbia Rehabilitation Service)-----	Do.
Rehabilitation officer-----	Do.
Statistical analyst-----	Infantile paralysis
Field information officer-----	Do.
Rehabilitation supervisor-----	Do.
Rehabilitation officer-----	Do.
Statistician-----	Do.
Organization and methods examiner-----	Speech defect
Fiscal clerk-----	Deafness, arthritis
Claims examiner-----	Deafness
Specialist, deaf and hard of hearing-----	Do.
Clerk-stenographer-----	Curvature of the spine

Disabled persons employed in the Office of Vocational Rehabilitation—Continued

	<i>Disability</i>
Auditor-----	Deformity of vertebrae
Clerk-typist-----	Arrested T. B.
Clerk-typist-----	Face disfigurement
Assistant regional representative-----	Deformity of foot
Statistical clerk-----	Heart condition
Auditor-----	Deformity of arm

TYPE OF WORK PERFORMED BY DISABLED PERSONS

Senator DWORSHAK. What kind of work do these people do?

Mr. SHORTLEY. It is very interesting, and this is not generally known about the program.

I went over to the Koppers Co. in Baltimore with one of our blind men who had been an industrial engineer. This was during the war. Three or four of our blind men are trained to provide instruction to blind people that are hired by the States to demonstrate to employers just what a blind man can do. They show how they get along with an overdevelopment of their sense of touch to compensate for the loss of sight.

This one man walked into this Koppers Co. in Baltimore and went with the instructor right up to a machine where they were grinding piston rings and listened to the same sort of instruction that any new worker would get as he comes into the plant. There he was standing in front of this machine with a jig here just about waist high and a lever to be operated with his hand to start the machinery and a lever to be operated over here to stop the machinery and a foot brake to slow it down and a wheel about 6½ feet high, an overhead wheel which he had to turn.

This blind man who was learning this operation did not ask a single question until the instructor finished the complete instruction which lasted about 15 minutes. The only thing for which he might have needed eyesight and which the instructor thought he would need sight for was when this cutting instrument is coming across the jig into which this piston ring is fitted for grinding purposes at which time you must turn this wheel. So the blind man said, "Well, I will just keep my hand which I am not using at the time on that cutting tool and as I feel it coming forward I can take care of that."

There were nine different operations, and I was standing right behind him with the President of the Koppers Co. As soon as he got the instruction he said to the instructor, "I am going to do three or four of these, if you will step out of the way."

He made a neat pile of them on the left side from which he took them, put them into the jig, and after the product was finished he piled them on the right. After he had done about six of them he said, "Now, I want you to give me a time test."

They timed him for 15 or 20 of the pieces and the President of the concern said, "He is going faster now in doing those things than most of our employees do at the end of the second day."

Now, four or five of our men can do things like that. These blind men train the State men who are blind and who are going to do that kind of demonstration for employers out in the States. These State blind men are brought into a central point for instruction. We make arrangements with as many as 15 or 20 employers for these training

classes and make use of the vocational schools at the same time. We train those people to go back to the States and do their rehabilitation job for the blind.

PER DIEM RATE FOR CONSULTANTS OR SPECIALISTS

Senator KNOWLAND. Calling your attention to page 18 of the bill, the subcommittee print, would you tell us what this \$75 per diem for individuals is to be used for?

Mr. HUNT. Mr. Stephens, would you explain that?

Mr. STEPHENS. Mr. Chairman, there is a little story back of that. The Bureau of Employees Compensation, the Food and Drug Administration, and this organization have found extreme difficulty in attempting to secure right kind of specialists, doctors, or chemists, as the case may be from sources outside the Federal Service. In fact, we were scolded rather severely last year as to how we could get consultants or specialists for what we were then paying, which was about \$25 a day.

We took this up with the Bureau of the Budget, and in cases of this kind, where doctors or specialists are required, we talked this over with the Bureau of the Budget and I think we pretty well sold the House because other men of this type in some of these positions just cannot be obtained for less than that. We do get lots of them for less out of purely philanthropic motives.

We went to the Bureau of the Budget with \$100, but this was a compromise figure and it applies to all of our agencies.

Senator KNOWLAND. Is not this maximum apt to become a minimum? If you get one doctor in and pay him \$75, and the next one you invite in and pay \$45, he is going to be insulted if he is not in the same category.

Mr. STEPHENS. I am not so sure on this one of doctors, but I do know that Dr. Dunbar will still be able to get some of them for nothing because of their interest. However, there are occasions in court where you have to have a specific witness and a man says, "Why should I take my time and go over there for \$25 a day when I am losing \$100 back in my office?"

The raising of the per diem authority does not raise the total overall expense. This just raises the amount allowed to get the type of services which the Bureau of Employees Compensation and Food and Drug Administration thinks is necessary.

Senator KNOWLAND. I just wanted to clarify that.

Any further questions?

LETTERS AND TELEGRAMS SUBMITTED FOR THE RECORD

At this time, I want to put into the record letters and telegrams forwarded to the committee by several Senators and Congressmen.

(The letters and telegrams are as follows:)

BANGOR, MAINE, April 3, 1947.

Senator BREWSTER,
Washington, D. C.:

I have just received notice that services rendered by the Division of Labor Standards, United States Department of Labor are to be discontinued because of the cut in appropriations by the House Appropriations Committee. I cannot voice too strenuously I sincerely hope that you do everything possible to restore these cuts.

B. J. DORSKY,
President Maine Federation of Labor.

DENVER, COLO., April 5, 1947.

EUGENE MILLIKEN,
Colorado Senator, Washington, D. C.:

Cut made by the House of Representatives in the amount requested for training under the National Mental Health Act should be restored since the whole field is held back by shortage of personnel.

DR. FRANKLIN G. EBAUGH,
Colorado Psychopathic Hospital.

THE RED DOT OIL Co.,
Denver 2, Colo., April 3, 1947.

Hon. EUGENE D. MILLIKIN,
United States Senate, Washington, D. C.

DEAR GENE: As you know, I was regional director of the War Manpower Commission and the United States Employment Service during the war. I am not only surprised but shocked at what the House of Representatives attempts to do to the USES in its proposed cut in appropriation for the Department of Labor.

The facts are almost hidden in the over-all picture, but actually the USES is cut by about 75 percent, allowing only \$900,000 for administration of the Nation's public Employment Service.

This amounts to an allowance of only 1¼ percent for administration of the services for which the States were given outright grants of \$72,000,000. Obviously that amount of money won't permit a very effective administration. It won't permit any of the professional and technical services necessary to sustain uniform and high standards of operation in the very professional field of counseling and employment service.

The House proposed cut from a requested \$4,000,000 to only \$900,000 will mean throwing out the whole worker clearance system, the most vital machinery of an effective public Employment Service. It will mean doing away with the regional offices, which have borne the brunt of this clearance operation and which are looked to by the State agencies for technical training, development of procedures and standards, and assistance in resolving problems close to the operating levels.

As director of this Service during the war, I worked with and observed the regional office staff as it performed one of the most remarkable feats of Government service that I have ever witnessed. I am convinced that the job done by State and local employment offices then and the job that must still be done in the relocation of workers and of war veterans depends largely upon leadership, direction, and professional assistance through regional offices. I am convinced that it is a false economy to abolish, in effect, the whole top organization of the USES, costing less than \$4,000,000, while granting \$72,000,000 to the States for independent operations.

I recall, too, that the USES was given certain obligations and functions under the Wagner-Peyser Act and the Servicemen's Readjustment Act. Those functions are subscribed to by the various State employment agencies as a condition of the Federal grants, but I am sure you will agree that we should spend some money to insure a uniform and effective carrying out of those functions and to give assistance wherever necessary in rendering service to the public and particularly to veterans.

Frankly, I believe that the Senate should reconsider carefully the whole Department of Labor appropriation in the light of services which must be maintained for effective planning and operation by Government, business, and working people in this uncertain economy. But I want particularly to give you the benefit of my observation and experience in the Employment Service to aid you in exploring the budgetary needs of the USES to preserve the progress we have already made in this field and to insure continued, and even improve, public service.

I am enclosing a copy of a letter I have sent to Chairman William F. Knowland, of the subcommittee of the Senate Committee on Appropriations.

Kindest personal regards.

Sincerely yours,

JOHN R. McCUSKER.
DICK McCUSKER.

UNITED MINE WORKERS OF AMERICA,
Lafayette, Colo., April 2, 1947.

HON. EUGENE D. MILLIKIN,
United States Senate, Washington, D. C.

DEAR GENE: I am certain that in a matter which so seriously affects working people as well as business interests in their planning, you will receive many protests against the recent House action in slashing the appropriation for the Department of Labor. Nevertheless, I want to bring to your attention some reactions from this area which may be helpful in your Senate consideration of H. R. 2700.

In urging your action to restore substantially the Department of Labor's budget request, I hope that you will consider the ultimate consequences of throwing away all of the progress made in recent years by bureaus of that Department in developing decent standards in industrial practices, in bringing about matter working conditions and minimum wages, in prevention of industrial accidents, in worker education, and protection of child labor.

It is an equally dangerous thing, I believe, to remove the top organization from the system of public-employment offices. The House granted outright and without question more than \$72,000,000 for the States to use in maintaining a State unemployment office which is supposed to be integrated into a national system. It does not appear to me to be a sound business practice to allow only \$900,000, or 1¼ percent, for the cost of administering that vast expenditure by the States. This is indeed false economy.

But beyond the question of good business there is the more basic question of maintaining a service that will promote the free and intelligent movement of labor between States and areas of opportunity. There is the question of preserving uniformity and high standards of operation in the Employment Service. There is the problem of integrating all of these services for unemployed workers, and particularly veterans, and of insuring that the employment services promised to the public and to veterans by other acts of Congress will be carried out as intended. This kind of employment service cannot be rendered to the public without sustaining strong regional offices to perform administrative, technical, and professional functions.

The House proposed cut from nearly \$4,000,000 to \$900,000 will mean doing away with the regional office and the vital labor transfer machinery. And \$900,000 will provide very little facilities in a far-off Washington office for development and preservation of an efficient public employment service.

I know that I speak for many in asking you to consider carefully this appropriation bill and to give your strength toward the restoration of Department of Labor funds, and particularly to insure adequate financing of a strong public employment service.

Sincerely yours,

Jack Green,
JOHN GREEN.
Representative, District 15, UMW of A.

HOLLINGSWORTH & WHITNEY Co.,
Boston 2, April 1, 1947.

HON. OWEN D. BREWSTER,
Senate Office Building, Washington, D. C.

DEAR SENATOR BREWSTER: You are thoroughly aware, we are sure, of the dependence of the pulp and paper mills in the State of Maine on the importation of Canadian woods labor to supplement the efforts of native labor to produce the quantities of pulpwood required. During the war period it was possible for the industry to obtain a proportion of its needs for such labor through agreements negotiated with Canada by the United States Employment Service. Allocations of labor were made to individual companies and operators by USES as need could be proved. Through cooperation between USES and the Department of Immigration and Naturalization, the granting of bonds to applicants for the importation of this labor was simplified and expedited.

The Canadian Government has recently lifted many of the controls which they exercised during the war on the movement of Canadian woods labor to the United States. That Government is now, however, looking to some agency of the United States Government to advise it of what United States companies may recruit labor in Canada, the number each may obtain, and other details. Representatives of the New England regional office of USES, together with representa-

tives of United States Immigration and Naturalization, recently worked out a plan with the Dominion Department of Labor which would be mutually beneficial.

The reduction in the appropriations for USES under the Department of Labor budget and the resultant elimination of the New England regional office will make it very difficult to meet the requirements of United States Immigration and Naturalization for the obtaining of permits to import Canadian woods labor and of working out satisfactory agreements with the Canadian Government. The entire regional office as now constituted is not required to handle this particular problem. We do, however, urge that a specific item be included in the Labor Department budget as prepared by the Senate to provide for that part which has dealt with the Canadian labor problem. Whether such an office is located in Boston or in Washington is not a point at issue. The situation is sufficiently critical so that we believe a specific appropriation to cover the limited personnel involved is justified.

We are in full sympathy with the efforts being made by the Congress to reduce expenditures, but believe, as has been pointed out in relation to the customs officials, that the cuts should be made intelligently. We will appreciate any help you will be able to give on this problem, which is of utmost importance to us, our workers, and our customers.

Very truly yours,

HOLLINGSWORTH & WHITNEY Co.,
J. L. MADDEN, *President*.

BROWN Co.,
Berlin, N. H., April 2, 1947.

The Honorable CHARLES W. TOBEY,
Senate Office Building, Washington, D. C.

SIR: We strongly advocate the continuation of the Boston agency of the USES. It has in the past, and until now, given such valuable and informative service in the matter of allocation of Canadian woodsmen to the pulpwood industry that we urgently hope the Labor Security Appropriations Subcommittee of the Senate will include an item in appropriation which will permit continuation of the service which we have been receiving.

The Boston agency has had knowledge of the pattern of Canadian woods-labor allocation throughout the war and until today, which intimate knowledge we can ill afford to lose. Messrs. O'Rourke and Bresnahan have been the active representatives in this matter. This agency has fully represented the pulpwood interests in the Northeast, including New York State, in the matter of contact and agreement with the Labor Department of Ottawa in the over-all allocation of Canadian woodsmen to the United States pulpwood operations. It has, further, been most considerate and helpful in the allocation of the Canadian quota to the individual pulpwood producers and contractors in the Northeast.

We feel that this centralized control, in its recognition of each company's needs, has been most necessary to the harmonious and equitable distribution of Canadian labor. These companies have many labor problems and are distributed over a wide area. To leave Ottawa contacts and over-all allocations to individual State labor directors, to the Department of Naturalization, or to any other agency, would be most unsatisfactory.

The retention of sufficient personnel in the Boston agency to continue this important work is most urgently needed.

Yours very sincerely,

H. R. SODERSTON.

ST. REGIS PAPER Co.,
New York, April 1, 1947.

Senator OWEN BREWSTER,
Senate Office Building, Washington, D. C.

DEAR SENATOR BREWSTER: Our company employs in the State of Maine Canadian woodsmen for the production of pulpwood as well as lumber through a partially owned subsidiary.

The procedure for securing these men from Canada, as well as the assigning of each company's part of the total quota, has been developed for the northeast section of the United States by the regional office of the United States Employment Service in Boston.

We understand from the Bureau of Immigration and Naturalization Service within the Department of Justice that they have relied heavily in the past on the USES regional office for advice as to the number of Canadian woodsmen needed as well as to the localities where needed. In other words, they have been very helpful in expediting the flow of Canadian labor to the woods operations.

We understand that the Labor Department and Federal Security appropriations bill as it passed the House does not provide funds for the continued operation of the regional offices of the USES.

Since we shall continue to need Canadian woodsmen, we would like to see sufficient funds provided for the employment of the group of men in Boston to perform the same services in the future as they have in the past even though they may be affiliated with some service other than the USES.

Yours very truly,

F. M. CROCKER.

THE COLLEGE SETTLEMENT OF PHILADELPHIA,
Philadelphia 47, Pa., April 9, 1947.

HON. KENNETH MCKELLAR,
Senate Offices, Washington, D. C.

DEAR SIR: Forty adults, members of the clubs and classes at the College Settlement, in session Tuesday evening, April 8, 1947, asked me to write to you and beg your help in preventing the cuts in appropriations to the Department of Labor. They deplore this backward step and fear a new wave of child labor and other evils.

Will you use your great influence to step such backward and reactionary measures?

Will you please reply to this letter so that I may report to our next meeting of adult group?

Very truly yours,

J. THEODORE PETERS, *Executive Director.*

UNITED STATES SENATE,
COMMITTEE ON PUBLIC LANDS,
April 8, 1947.

HON. STYLES BRIDGES,
*Chairman, Senate Committee on Appropriations,
United States Senate, Washington, D. C.*

DEAR SENATOR BRIDGES: Enclosed is a letter which I have received from Mr. Robert D. Kendall, director of the employment service division, Arizona State Employment Service, Phoenix, Ariz., expressing his views in regard to H. R. 2700.

Inasmuch as this bill is presently before your committee, I am forwarding Mr. Kendall's letter to you for every possible consideration.

With kindest personal regards, I am,
Sincerely yours,

ERNEST W. MCFARLAND.

EMPLOYMENT SECURITY COMMISSION OF ARIZONA,
ARIZONA STATE EMPLOYMENT SERVICE,
Phoenix, Ariz., April 4, 1947.

HON. ERNEST W. MCFARLAND,
United States Senate, Washington, D. C.

DEAR SENATOR MCFARLAND: Recently there came out of the House Appropriations Committee H. R. 2700 which has to do with appropriations to the United States Employment Service, the Veterans Employment Service, and the 50 employment services of the various States and Territories. If this bill is passed by the Congress, it will have very far-reaching effects which, in some instances, are certainly not for the welfare of your constituents and those in the 49 other States and Territories.

This bill provides for the sum of \$71,728,000 for the operation of the 50 State and Territorial employment services, \$1,750,000 for the operation of the Veterans Employment Service, and \$900,000 for the operation of the United States Employment Service.

The first two figures, in our opinion, are sufficient, but the \$900,000 proposed for the United States Employment Service is very inadequate. After analyzing the bill in all its implications and the effective operations of the Employment Service, I would like to propose for your consideration reducing the amount set up for the State and Territorial employment service from \$71,728,000 to \$70,000,000 even, and restore to the United States Employment Service \$1,728,000, giving the United States Employment Service a total appropriation of \$2,638,000, rather than \$900,000.

If this is followed, it will not injure the State and Territorial employment services one whit because \$70,000,000 is very adequate for the operation of this segment of the over-all employment service. However, the \$900,000 as proposed in H. R. 2700 so reduces the effectiveness of the United States Employment Service that we can expect no help whatsoever from Washington or the regional offices. In fact, it has the effect of eliminating entirely all regional offices and maintaining a staff of approximately 125 in Washington. Obviously, to anyone familiar with the operations of the employment service, an effective United States Employment Service cannot be operated on that figure.

We go along on the premise that the United States Employment Service as well as other Federal agencies need not spend as much money for operations as it has in the past, and therefore a reduction in appropriation is merited. On the other hand, when a reduction is so drastic as to render ineffective the amount which has actually been appropriated, then the practical effect is one of elimination. It is difficult for us to reconcile what the proponents of this legislation were thinking of when they introduced this measure. The proposal that we make does not call for the appropriation of additional amounts and therefore does not increase the appropriation. It merely takes \$1,728,000 and transfers it from the particular appropriation for the State and Territorial employment service to the United States Employment Service. The over-all effect, and it is not too long range either, is that the impetus of regional offices will be lost in carrying out the directives of Congress insofar as the States are concerned. In that end, Federal and non-Federal alike will be effected and, in our opinion, it will remove the States that much farther from the influence of Congress.

Personally I have always been one who felt that with the problems facing the Employment Service today, the Employment Service should be very responsive at any level to the thinking of Congress, and the elimination of regional offices will, to a certain extent, mitigate against a line operation of all the Employment Services to the detriment of the thinking of Congress.

If after analyzing these statements you can see your way clear to supporting an alteration somewhat along the lines of the above, it will be greatly appreciated and you may rest assured that if such a proposal is adopted your constituents in Arizona will receive the type of treatment which I know you want them to receive.

With kindest personal regards, I am,
Sincerely yours,

ROBERT D. KENDALL,
Director, Employment Service Division.

THE AMALGAMATED BANK OF NEW YORK,
New York 3, N. Y., March 31, 1947.

CHAIRMAN, SENATE APPROPRIATIONS COMMITTEE,
Senate Office Building, Washington, D. C.

DEAR SIR: I am writing to you at this time to express my concern over the proposed reduction in the appropriations for the Bureau of Labor Statistics from \$5,500,000 to \$2,373,000.

The data issued regularly by this agency are of tremendous importance in almost all types of business and economic analysis. They are, furthermore, representative of the highest standards in statistical methods and are unexcelled in reliability by any other set of data. At a time when accurate economic measurement is essential in the fields covered by the BLS, elimination of much of the Bureau's work would represent a serious loss to the country, far exceeding the saving of \$3,127,000 in Government expenditure. The proposed reduction in the appropriation would not only restrict the frequency with which the data are published, but would also reduce their coverage and therefore their reliability.

We can exercise our trust to thousands of depositors only with adequate knowledge of economic conditions. The data issued by the BLS are essential to such analysis. It is on this basis that we strongly urge you to reconsider this appropriation and to restore it to \$5,500,000.

Very truly yours,

MICHAEL M. NISSELSON, *President.*

STATEMENT OF A. F. WHITNEY, PRESIDENT, BROTHERHOOD OF RAILROAD TRAINMEN,
ON THE UNITED STATES DEPARTMENT OF LABOR APPROPRIATIONS BILL

The Brotherhood of Railroad Trainmen is the largest of the railroad train service labor organizations. It represents road, passenger, freight, and yard conductors and brakemen, train baggagemen, yardmasters, dining-car stewards, switchtenders, car retarder operators, and operators of intercity busses.

The brotherhood represents workers coming under the jurisdiction of both the Railway Labor Act and the National Labor Relations Act.

The United States Department of Labor is the smallest of the Federal Departments. It has a total of only 7,000 employees. Its appropriations in recent years have been small compared to those for many of the other agencies. Yet this Department has developed many services which are essential to both labor and management, as well as to the general public.

Let me emphasize my faith in the value of these services and my conviction that the future program in building cordial labor-management relationships rests to a large extent on them.

Each passing year sees the American economy grow increasingly complex. There is a delicate interdependence of all units of our economy to such an extent that there can be no general prosperity unless each segment is prosperous. The number of cattle raised on western ranches and variations in wheat produced in the Middle West affect the price which the New York housewife pays for her groceries. The development of shipyards and airplane factories on the west coast cause changes in the labor market in Chicago. The volume of iron ore coming out of the pits in Minnesota determines whether the hotel keeper in Florida will refurnish his rooms with new appliances. Seasonal industries such as cotton in the South, the fruit picking in the West, cause annually a tremendous migration of workers across State lines. And the steady movement of freight trains affects the even distribution of raw materials from their sources to the factories and of finished goods from the factories to the Nation's homes.

No community, State, or section of the country is today a complete economic unit. We are all tied, no matter how loosely, into one economic pattern. This increasing complexity of our economy has been reflected in the increased need for Federal agencies to maintain a proper balance. This balance is essential if the Nation is to be orderly and prosperous.

There is an important point involved in this relationship between the well-being of our economy and the type of Federal service developed in Washington. It seems to me of prime necessity that this point be clearly understood. The role of Government is to provide essential services which no one industry or a group of labor organizations is in a position by itself to provide. These are basic services with common interest to all elements. These are statistics on trends in employment, prices, costs, markets, productivity, construction, and many other types of significant data. These are the raw materials on which countless thousands of operations depend for their success.

The Government has a second responsibility of a human nature. It is to insure that our highly developed and powerful economy does not become a Frankenstein monster devouring the very people it was established to serve. Thus it becomes important that a minimum be set on wages in order that everyone earn enough to take care of his essential needs and to maintain the purchasing power as a whole.

It becomes important to set safety standards to insure proper protection of human life and limb throughout the Nation.

It is important to make available the results of successful labor-management relations to other areas which can profit by this experience. Increasingly both management and labor are accepting the fact that both can learn techniques of proved value and apply them to local situations. All of this, it seems to me, can be summed up in the individual and satisfactory way of life which we have developed here in America.

It is a way of life which insists that there should be limitless opportunity for every man to develop according to his capacities. It is a way of life which insists that this should be done without jeopardizing the health and welfare of all the rest of the people. It is a system of living together in which the principle of individual opportunity and mass security exist harmoniously together. I am concerned with the preservation of this system. I believe it is the only one which effectively protects both individual liberty and group welfare. And it is in the light of the requirements of this system that governmental services must be viewed.

In the light of this, it seems to me unwise, yes, dangerous, to slash the funds for the operations of the Labor Department below that recommended by the Budget Bureau of the President. The Labor Department provides services which assure the success of democracy. And to deprive the country of the services which the Labor Department provides is a serious attack upon our democratic way of life. If I wanted to get rid of our system of government, I would certainly first try to create confusion. And I cannot think of a more effective way to do it than to cripple an agency on which so many groups depend for assistance.

I note that the Senate has been asked to concur in a cut in the funds available for the Bureau of Labor Statistics amounting to 60 percent of the President's recommendations. If this cut is made, the Bureau of Labor Statistics will have to discontinue both State and area employment statistics. And with that will go a large part of the work in determining the available market for any production. It will stop compiling data on construction and we will not even be able to measure the extent of the housing problem.

The Bureau of Labor Statistics will be unable to provide wage studies showing the appropriate wages for key jobs in the major cities and regions of the country.

Productivity reports, reports on foreign labor conditions and trends, and fluctuations in the price index will also be practically eliminated. The net results of this will be confusion and chaos. It will lead to over-expansion. It will produce startling differences in the standards of living throughout the country. It will gradually lead to a break-down of our economic machinery from sheer inability to find out the trouble spots and clean them up.

I am greatly concerned over the 80 percent cut made in the appropriation for the United States Employment Service. The House has approved passing on to the States almost \$72,000,000 for the operation of State employment services. These cannot be operated successfully unless they conform to national standards, provide for the interchange of information, and are tightly administered to prevent abuse. Yet funds for the operation of the Federal agencies charged with this supervision are virtually eliminated. The net result of this will be to lay the State employment services open to pressure by special interests with resulting detriment to labor and to business interests in other areas of the country. Congress would abandon reasonable efforts to maintain standards of efficiency and uniformity. Movement of labor from State to State would be handicapped and exploited. It can be enforced only by a Federal agency.

The slash in funds for the operation of the veterans' employment service is equally serious. The success of our Nation as a whole depends upon absorbing the veterans back completely into our national life and not setting them up as a special pressure group whose interests and needs are different from those of the rest of the country. Yet the first need of the veterans is a job. But the action of the House of Representatives would deprive the Federal Government of its ability to turn up job opportunities for veterans.

I am unable to make any sense at all out of a proposal to cripple the United States Conciliation Service. A wide range of labor and management representatives have testified in the last few months before committees of both Houses of Congress on the value of Federal mediation and conciliation. Over 90 percent of actual or pending labor-management disputes never make newspaper headlines for the simple reason that successful mediation settles them before they reach the strike stage. But this proposal would drastically reduce mediation services. It offers the unpleasant prospect of providing no opportunity for the services of an impartial third party attempting to lay the basis for compromise in labor-management disputes.

Instead of slashing funds for the United States Conciliation Service, the Congress might far better give attention to the need for increased funds. This agency promises great hope for future peace in industrial relations.

The bill which the House passed virtually abolished the Division of Labor Standards. This is an open invitation to the loss of human life. We have seen too many examples recently of what happens when safety standards are not

enforced. Nor can we leave safety standards to communities where the power of special interests may cripple their adequate enforcement. This is a job which needs Federal control. It needs a federally supervised training program to provide competent inspectors.

I hope the enormous loss of life in the last war has not made us so callous to human suffering that we can openly countenance dangerous working conditions. In the cold matter of dollars and cents, the death or injury of a worker means the loss to the Nation of his productive ability. It also means unfortunate widows and orphans who must be cared for. If you want a repetition in all sections of industry of the recent mine disaster in Centralia, Ill., you are going about it in the right way in killing the Division of Labor Standards.

The National Labor Relations Board has done the job it was created to do. Strikes involving the recognition of unions and the commission of unfair labor practices have both sharply declined since 1937. By democratic representation elections conducted by the Board, jurisdictional disputes can be eliminated. Through the instrumentality of this Board, fundamental rights of workers in industry can be and are peacefully resolved. The large backlog of pending cases before the Board indicates the vital part it plays in our industrial system. The 10-percent cut in the NLRB appropriation ordered by the House only means the greater piling up of unsettled cases, which means confusion, indecision and strife in industrial relations.

There seems to be a fixed and dangerous conception in the minds of some people that the Federal Government is affecting economy when it lops off Federal services. I say this is not true. It is a dangerous line of action to follow because it ignores the intricate growth of business and human needs which have come to rest on those services. You can kill the tree of prosperity in an orderly economic system by chopping off the life roots which feed the tree. And that is what this proposal does.

It is not economy since it will cost the country much more than the saving made. It is not democracy since it is not what the people want. It is not progress since it extends an invitation to chaos. It is not just, since it penalizes many persons and organizations who have built their activities on the assumption that these services would continue.

We have the world's most highly developed and most delicately balanced industrial economy. It must not be destroyed by removing the vitally important mechanisms and services that are so essential to its efficient operations.

Senator KNOWLAND. We will adjourn at this time and resume at 10 o'clock tomorrow morning.

(Thereupon, at 4:45 p. m. Monday, April 14, 1947, the subcommittee adjourned until 10 a. m. Tuesday, April 15, 1947.)

LABOR-FEDERAL SECURITY APPROPRIATION BILL, 1948

TUESDAY, APRIL 15, 1947

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D. C.

The subcommittee met at 10 a. m., pursuant to adjournment, in the Senate Appropriations Committee room, the Capitol, Senator William F. Knowland, presiding.

Present: Senators Knowland (presiding), Young, Dworshak, McKellar, and McCarran.

Senator KNOWLAND. The hour of 10 o'clock having arrived, the committee will come to order.

The matter at hand at this time, is the United States Public Health Service. At this time we will hear from Dr. Parran.

FEDERAL SECURITY AGENCY

UNITED STATES PUBLIC HEALTH SERVICE

STATEMENT OF DR. THOMAS PARRAN, SURGEON GENERAL, ACCOMPANIED BY R. L. HARLOW, BUDGET AND FISCAL OFFICER; DR. HERMAN E. HILLEBOE, ASSISTANT SURGEON GENERAL; DR. JAMES A. CRABTREE, ASSISTANT TO THE SURGEON GENERAL; AND M. A. STEPHENS, BUDGET OFFICER, FSA

DIGEST OF STATEMENT

Senator KNOWLAND. You may proceed, Dr. Parran.

Dr. PARRAN. Mr. Chairman, I have here a short general statement and also a digest of my statement which I should like to have made a part of the record.

Senator KNOWLAND. That may be done.

(The statements are as follows:)

DIGEST OF STATEMENT OF DR. THOMAS PARRAN, SURGEON GENERAL, TO SENATE APPROPRIATIONS COMMITTEE

After allowing for certain transfers effected by the House bill, the reductions in the Public Health Service budget total \$5,475,499 as set forth in the table in the full statement.

Tuberculosis control: \$430,000 reduction limits possible benefits that will accrue from case finding and further study of BCG vaccination.

Assistance to States, general: \$1,406,044 reduction limits valuable services and additional grants to States.

Hospitals and construction activities: \$100,000 reduction restricts administration of hospital grant authorizations.

Hospitals and medical care: \$250,000 reduction delays replacement of obsolete and worn-out equipment.

Mental health activities: \$1,108,000 reduction retards training and research through grants.

Foreign quarantine service: \$41,700 reduction delays replacement of boat equipment.

Employee health services: \$601,000 reduction confines program to Washington, D. C.

Commissioned officers, pay, etc.: \$174,065 reduction leaves inadequate funds for total authorized number of officers.

Training for nurses: \$334,000 reduction leaves inadequate funds for number of participating students.

Salaries and expenses: \$316,000 reduction limits developments in the vital statistics program.

Office of International Health Relations: \$25,000 reduction renders fulfillment of increased responsibilities difficult.

Traveling expenses (central appropriation): \$539,828 reduction decreases this phase of public health work approximately 30 percent below 1947.

Printing and binding (central appropriation): \$149,862 reduction restricts publication of scientific information.

GENERAL STATEMENT OF DR. THOMAS PARRAN, SURGEON GENERAL, PUBLIC HEALTH SERVICE RELATIVE TO SUPPLEMENTAL ESTIMATE OF \$1,000,000 UNDER THE APPROPRIATION "NATIONAL INSTITUTE OF HEALTH" (S. Doc. No. 44)

For the support of medical research by the United States Public Health Service through grants-in-aid to universities and other institutions, the sum of \$5,000,000 has been recommended by the Bureau of the Budget and voted by the House of Representatives. This sum will permit the continuation of presently supported investigations through fiscal 1948 and will also permit work to start on certain of the research projects which have already been recommended for approval by the special study sections and by the National Advisory Health Council.

In addition to support of this general medical research, recent developments in the field of antibiotic therapy, particularly in the experimental use of streptomycin in the specific treatment of tuberculosis, have created an unforeseen need for funds to support clinical and laboratory studies in the antibiotic therapy of tuberculosis. The needs in support of such a research program were not sufficiently defined in time to permit presentation of an estimate to the Bureau of the Budget prior to the House hearings. Since that time the Bureau of the Budget has reviewed this estimate, and the recommended increase of \$1,000,000 will permit implementation of the most urgent portion of the long-range clinical and laboratory study that has been planned in collaboration with the American Trudeau Society and other interested agencies.

Dr. PARRAN. Mr. Chairman, the budget for the Public Health Service, as approved by the President, represents the combined judgment of the Service, the Federal Security Agency, and the Bureau of the Budget, as to the minimum amounts necessary to permit the Service to discharge its responsibilities in the field of health. The subcommittee of the Appropriations Committee of the House of Representatives, before whom we appeared recently, inquired fully into each item of appropriation.

The record of those hearings is available, and I know of nothing that I could add to that testimony. Therefore, I shall confine myself to a summarization of the reductions made by the House of Representatives and a brief statement of the effects such reductions will have on the activities of the Service.

HOUSE REDUCTIONS

After allowing for certain transfers effected by the House bill, the reductions in the budget total \$5,475,499, divided as follows:

Tuberculosis control	\$430,000
Assistance to States, general	1,406,044
Hospitals and construction activities	100,000
Hospitals and medical care	250,000
Mental health activities	1,108,000
Foreign quarantine service	41,700
Employee health services	601,000
Commissioned officers, pay, etc	174,065
Training for nurses	334,000
Salaries and expenses	316,000
Office of International Health Relations	25,000
Total	4,785,809
Traveling expenses	539,828
Printing and binding	149,862
Total	5,475,499

TRAVEL EXPENSES

Senator KNOWLAND. What does that leave you for traveling expenses?

Dr. PARRAN. Approximately, \$880,000, which is 30 percent less than the amount available for this purpose during the current fiscal year.

Senator KNOWLAND. Do you operate regional offices?

Dr. PARRAN. We do, Mr. Chairman.

Senator KNOWLAND. Most of this travel is out of your regional offices?

Dr. PARRAN. Most of it is out of our regional offices and in connection with the transfer of personnel from one of our stations to another, particularly hospital stations.

The travel expense has been higher than it was anticipated due in part to resignations of a considerable number of our personnel and the necessity for making several transfers in order to fill one vacancy.

TRAVEL EXPENSES, FISCAL YEAR 1940

Senator KNOWLAND. Have you any figures that would show the travel item for 1940, just for comparison purposes?

Dr. PARRAN. I do not have that with me but we can furnish that.

Senator KNOWLAND. Thank you.

(The information is as follows:)

Travel expenses

Comparison of allocation from central appropriation:

Allocation, fiscal year 1940	\$318,041
Estimate, 1948	1,472,600
Allocation based on House allowance	880,772

NOTE.—The 1948 request covers travel funds for programs not operating in 1940 as follows:

Control of tuberculosis	\$210, 000
Assistance to States	288, 000
Control of communicable diseases	285, 000
International health	23, 000
Vital statistics	67, 200
Total	873, 200

The balance of the increase is due largely to expanded activity in control of venereal diseases, the National Cancer Institute, and the National Institute of Health.

TUBERCULOSIS CONTROL

STANDARD CLASSIFICATION SCHEDULE

(The standard classification schedule is as follows:)

Control of tuberculosis

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (—), 1948 estimate compared with 1947	Increase (+) or de- crease (—), bill com- pared with estimate
01 Personal services:					
Departmental	\$442, 645	\$512, 675	\$431, 555	+\$70, 030	—\$81, 120
Field	549, 027	644, 652	545, 695	+95, 625	—98, 957
02 Travel					
03 Transportation of things	10, 000	10, 000	10, 000		
04 Communication	3, 500	4, 500	3, 500	+1, 000	—1, 000
05 Rents and utility services	8, 000	14, 000	8, 000	+6, 000	—6, 000
07 Other contractual services	15, 600	16, 800	18, 600	+1, 200	—1, 200
08 Supplies and materials	90, 650	106, 235	90, 650	+15, 585	—15, 585
09 Equipment	92, 000	118, 138	92, 000	+26, 138	—26, 138
11 Grants, subsidies, and contribu- tions	6, 880, 000	7, 000, 000	6, 800, 000	+120, 000	—200, 000
Grand total obligations	8, 091, 422	8, 427, 000	8, 000, 000	+335, 578	—430, 000
Transferred to—					
“Miscellaneous expenses, Office of Administrator, Federal Security Agency”	+3, 000	+3, 000			
“Pay, etc., commissioned officers, Public Health Service”	+14, 291			—14, 291	
Excess of obligation over appropriation due to—					
Public Law 390	—99, 043			+99, 043	
Public Law 474	—15, 670			+15, 670	
Total appropriation or estimate	7, 994, 000	8, 430, 000	8, 000, 000	+436, 000	—430, 000

EFFECT OF HOUSE REDUCTION

Dr. PARRAN. Tuberculosis control. The reduction of \$430,000 in this item will affect substantially two phases of the work in tuberculosis (1) case finding, and (2) studies looking toward determining the efficacy of BCG vaccination as a preventive measure. Case finding by the State and communities, through grants of Federal funds, needs to be intensified. It is the first step in a control program.

BCG is a vaccine about which relatively little is known in this country; if it is proven to be efficacious it will go a long way toward the practical elimination of tuberculosis as a major disease.

ASSISTANCE TO STATES, GENERAL

STANDARD CLASSIFICATION SCHEDULE

(The standard classification schedule is as follows:)

Assistance to States, general, Public Health Service

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or decrease (-), 1948 esti- mate com- pared with 1947	Increase (+) or decrease (-), bill com- pared with estimate
01 Personal services:					
Departmental.....	\$359,390	\$488,368	\$377,489	+\$128,978	-\$150,879
Field.....	681,770	1,347,795	914,504	+666,025	-433,291
03 Transportation of things.....	4,070	8,252	4,411	+4,182	-3,841
04 Communication services.....	10,074	11,637	10,294	+1,563	-1,343
05 Rents and utility services.....	46,803	61,637	49,114	+14,834	-12,523
07 Other contractual services.....	15,320	33,992	19,529	+18,672	-14,463
08 Supplies and materials.....	78,781	126,139	88,889	+47,358	-37,250
09 Equipment.....	69,026	143,180	41,031	+74,154	-102,149
11 Grants, subsidies, and contribu- tions.....	14,250,000	18,750,000	14,217,039	+4,500,000	-4,532,961
Grand total obligations.....	15,515,234	20,971,000	15,682,300	+5,455,766	-5,288,700
Reimbursement for services performed	-56,731			+56,731	
Transferred to "Pay, etc., commis- sioned officers, Public Health Ser- vice".....	+106,497			-106,497	
Total appropriation or estimate..	15,565,000	20,971,000	15,682,300	+5,406,000	-5,288,700

¹ Excludes \$3,882,656 transferred to National Cancer Institute.

PURPOSE OF APPROPRIATION

DR. PARRAN. This is the appropriation through which the Public Health Service assists the States and, through the State health agencies, the local communities in the development of general public health services. If the amount allowed by the House is not increased, it will be necessary to reduce the services and grants to the States by \$1,400,000. The actual dollar reduction will be increased by the lesser amount of health services that a dollar will buy because of the general increase in costs for personnel, as well as supplies, materials, and equipment.

HOSPITAL AND CONSTRUCTION ACTIVITIES

STANDARD CLASSIFICATION SCHEDULE

(The standard classification schedule is as follows:)

Hospital and construction activities, Public Health Service

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 estimate compared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
01 Personal services:					
Departmental.....	\$238,484	\$489,254	\$421,766	+\$250,770	-\$67,488
Field.....	45,416	292,036	292,036	+246,620	-----
02 Travel.....	20,000	55,210	55,000	+35,210	-210
03 Transportation of things.....	1,500	2,500	2,500	+1,000	-----
04 Communications services.....	1,000	5,000	4,500	+4,000	-500
05 Rents and utility services.....	1,000	5,000	4,500	+4,000	-500
06 Printing and binding.....	5,000	20,000	15,000	+15,000	-5,000
07 Other contractual services.....	6,500	40,000	20,000	+33,500	-20,000
08 Supplies and materials.....	12,000	18,000	18,000	+6,000	-----
09 Equipment.....	10,000	38,000	31,698	+28,000	-6,302
11 Grants, subsidies, and contribu- tions.....	2,000,000	50,000,000	-----	+48,000,000	-50,000,000
Grand total obligations.....	2,340,900	50,965,000	865,000	+48,624,100	-50,100,000
Received by transfer from— “Development of health facilities, Public Health Service”.....	-25,075	-----	-----	+25,075	-----
Transferred to— “Salaries, Office of General Coun- sel, Federal Security Agency”....	+34,175	-----	-----	-34,175	-----
Total appropriation or estimate..	2,350,000	50,965,000	865,000	+48,615,000	-50,100,000

CONTRACT AUTHORIZATION ALLOWED BY HOUSE

Dr. PARRAN. This is one of the new responsibilities placed upon the Service by the last Congress, having for its purpose more adequate provision for hospitals and health centers throughout the country. Instead of an appropriation for construction, for which the budget carries \$50,000,000, the House has substituted a contract authorization. To this we do not object.

REDUCTION IN AMOUNT FOR ADMINISTRATIVE EXPENSES

But, the House also reduced our estimate for administrative expenses by \$100,000. When it is recalled that the authorization for construction may involve as much as \$150,000,000, it will be seen that the original estimate of \$965,000 for administration is a modest one. We request, therefore, that the \$100,000 be restored.

STATE ACTION ON HOSPITAL PROGRAM

Senator KNOWLAND. Have any of the States taken definite action on the hospital program?

Dr. PARRAN. A substantial number have taken action, action of several types, Mr. Chairman. In the first place, some States needed to establish by law the State agency which would administer the pro-

gram. In other States the State health department has been designated as the agency to administer the program.

DEVELOPMENT OF STATE PLANS

Some 36 States have designated their health departments for this purpose. In practically all of the States surveys are under way in order to comply with the first part, title I, of the Hill-Burton Act, which provides for a State-wide survey of hospital needs and the development of a State-wide plan which must meet the requirements of the act.

STATE PLANS SUBMITTED TO PUBLIC HEALTH SERVICE

Senator KNOWLAND. That is the first step that they have to go through. What about the next step on the appropriation of funds?

Dr. PARRAN. The next step after a State plan is devised, and approved by the State agency, is that it is submitted to my office where it is reviewed and approved or disapproved. If disapproved, the State has the opportunity to appeal to the Federal Hospital Council.

Senator KNOWLAND. To date, have any plans been as yet submitted to your office?

Dr. PARRAN. They have not.

SOURCE OF STATE FUNDS

Senator KNOWLAND. The next step after you approve them, the appropriation would come from the State legislature or would it not come ahead of the approval?

Dr. PARRAN. The appropriations for the sponsors share, namely, two-thirds of the total costs, will come from two general sources: One, from State appropriations for the State share in the constructing of the State-owned hospitals, tuberculosis or mental, which are State owned and operated, two, for local hospitals the funds will come again from two sources, local tax sources, and local voluntary sources.

A substantial number of the projects will be for voluntary community nonprofit institutions for which construction the community, through gifts, will raise two-thirds of the costs to meet the Federal one-third.

PERCENTAGE OF CONSTRUCTION COSTS PROVIDED LOCALLY

In respect of each of the projects, the one requirement is that the local two-thirds percentage of the construction cost must be assured. This money must be available before they are entitled to request Federal aid.

CONSTRUCTION SITUATION DURING COMING YEAR

Senator KNOWLAND. Based on your present knowledge of the situation as regards to building costs, what is your best judgment as to the amount of construction that will have to come during the next fiscal year?

Dr. PARRAN. That is a difficult question to answer in precise money terms. The present situation cuts two ways. First, scarcity of materials will deter some communities from undertaking construction and, likewise, high cost of construction will deter some from going ahead. In other instances the needs are so urgent for the facilities that in spite of the high cost they will attempt to build.

It is my best estimate that during the next fiscal year we will have had submitted to us and will have approved projects substantially in excess of \$50,000,000 for the Federal share of the construction.

CONSTRUCTION COST PER BED

Senator KNOWLAND. Have you any figures on the cost per bed of hospitals now being erected in the country? I do not mean necessarily a part of your program, but just what it is costing to construct a hospital?

Dr. PARRAN. Yes; we do have that. As a member of the Federal Board of Hospitalization I am kept informed concerning the progress of the Veterans' Administration in connection with its construction and costs are running \$10,000 to \$12,000 per bed.

HOSPITAL NEEDS OF COUNTRY

Senator KNOWLAND. How does that compare with the estimates that you used on this general program of yours as to what might be required?

Dr. PARRAN. Mr. Chairman, in estimating the over-all needs of the country for hospital beds, when the Hill-Burton Act was pending, we not only counted the number of beds which we felt would be necessary in order to bring all parts of the country up to an agreed minimum standard—which standard later has been placed in the Hospital Construction Act—but we also made estimates as to costs based on prewar costs of construction.

EXTENT FEDERAL FUNDS WILL AID IN MEETING TOTAL NEED

At that time, it appeared that the amount of money authorized under this act, namely, the total amount used to pay one-third of the cost of each construction project would aid in meeting about 50 percent of the hospital needs of the country.

Because of the increased costs, however, over prewar, my best guess would be—and this is subject to correction—that the Federal funds would aid only the most urgent projects and probably not more than 20 percent of the total need.

Senator KNOWLAND. You may proceed, sir.

HOSPITALS AND MEDICAL CARE

STANDARD CLASSIFICATION SCHEDULE

(The standard classification schedule is as follows:)

Hospitals and medical care, Public Health Service, 1948

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 estimate compared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
01 Personal services:					
Departmental.....	\$281,556	\$333,911	\$333,911	+\$52,355	-----
Field.....	17,265,860	16,759,106	16,759,106	-506,754	-----
Total.....	17,547,416	17,093,017	17,093,017	-454,399	-----
Deduct quarters and sub- sistence furnished.....	-636,000	-636,000	-636,000	-----	-----
Net total.....	16,911,416	16,457,017	16,457,017	-454,399	-----
02 Travel.....	56,448	54,469	54,469	-1,979	-----
03 Transportation of things.....	119,239	131,654	131,654	+12,415	-----
04 Communication services.....	67,000	59,200	59,200	-7,800	-----
05 Rents and utility services.....	424,874	424,574	424,574	-300	-----
07 Other contractual services.....	1,469,866	1,727,686	1,727,686	+257,820	-----
08 Supplies and materials.....	4,042,467	4,101,782	4,101,782	+59,315	-----
09 Equipment.....	540,191	811,858	561,858	+271,667	-\$250,000
11 Grants, subsidies, and contribu- tions (burials).....	13,200	13,200	13,200	-----	-----
Grand total obligations.....	23,644,701	23,781,440	23,531,440	+136,739	-250,000
Reimbursement for services performed.....	-2,751,465	-3,901,731	-3,901,731	-1,150,266	-----
Pay received from non-Federal sources.....	-279,470	-131,228	-131,228	+148,242	-----
Transferred to—					
"Pay, etc., commissioned officers, Public Health Service".....	-----	+501,519	+501,519	+501,519	-----
"Mental Health Act, Public Health Service".....	+1,632,000	-----	-----	-1,632,000	-----
"Federal employees health serv- ices, Public Health Service".....	+141,234	-----	-----	-141,234	-----
Excess of obligations over appropria- tions due to—					
Public Law 474.....	-242,540	-----	-----	+242,540	-----
Public Law 390.....	-1,789,560	-----	-----	+1,789,560	-----
Total appropriation or estimate.....	20,354,900	20,250,000	20,000,000	-104,900	-250,000

REPLACEMENT OF WORN-OUT EQUIPMENT

Dr. PARRAN. Resoration of the amount of \$250,000 is needed to enable the Hospital Division to replace worn-out and obsolete items of medical equipment which accumulated during the war when market shortages precluded normal replacements.

OBTAINING OF SURPLUS PROPERTY

Senator KNOWLAND. How much in the way of surplus property is made use of, Army, Navy surplus medical property?

Dr. PARRAN. We have been able to secure very little such property, Mr. Chairman, because the Veterans' Administration has first call on the property and receive it without repayment, while we come along as the next group of claimants of a governmental agency and need to pay fair value for it.

We have been able to secure some property, but it has been necessary to pay fair value.

Senator KNOWLAND. Have you gone into the amount that is still available since the Veterans' Administration has not put a claim in?

Dr. PARRAN. We have kept closely in touch with that situation, Mr. Chairman. Initially, for a good many months through the assignment of our medical offices to the War Assets Administration, where they advised the War Assets Administration of this whole program, not only for the Federal Government but we attempted to aid local communities in getting medical and health supplies and equipment of various types, including sanitation equipment.

Senator KNOWLAND. You may proceed.

MENTAL HEALTH ACTIVITIES

STANDARD CLASSIFICATION SCHEDULE

(The standard classification schedule is as follows:)

Mental health activities, Public Health Service

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 estimate compared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
01 Personal services:					
Departmental.....	\$72, 859	\$296, 234	\$276, 485	+\$223, 376	-\$19, 750
Field.....	1, 924, 393	2, 149, 917	2, 145, 117	+225, 524	-4, 800
Total.....	1, 997, 252	2, 446, 152	2, 421, 602	+448, 900	-24, 550
Deduct quarters and subsis- tence furnished.....	-22, 050	-23, 410	-23, 410	-1, 360	-----
Net total.....	1, 975, 202	2, 422, 742	2, 398, 192	+447, 540	-24, 550
02 Travel.....	19, 040	99, 505	96, 805	+80, 465	-2, 700
03 Transportation of things.....	4, 900	8, 099	8, 099	+3, 199	-----
04 Communication services.....	6, 300	11, 600	11, 600	+5, 300	-----
05 Rents and utility services.....	84, 300	84, 500	84, 500	+200	-----
06 Printing and binding.....	-----	5, 000	5, 000	+5, 000	-----
07 Other contractual services.....	16, 550	24, 000	24, 000	+7, 450	-----
08 Supplies and materials.....	696, 608	850, 198	850, 198	+153, 590	-----
09 Equipment.....	69, 100	116, 556	115, 806	+47, 456	-750
11 Grants, subsidies, and contribu- tions.....	16, 700	2, 520, 400	1, 440, 400	+2, 503, 700	-1, 080, 000
Grand total obligations.....	2, 888, 700	6, 142, 600	5, 034, 600	+3, 253, 900	-1, 108, 000
Reimbursement for services performed	-1, 256, 700	-1, 134, 100	-1, 134, 100	+122, 600	-----
Transferred to "Pay, etc., commis- sioned officers, Public Health Ser- vice".....	-----	+99, 500	+99, 500	+99, 500	-----
Received by transfer from "Hospitals and medical care, Public Health Ser- vice".....	-1, 632, 000	-----	-----	+1, 632, 000	-----
Total.....	-----	5, 108, 000	4, 000, 000	5, 108, 000	-1, 108, 000

EFFECT OF HOUSE REDUCTION

Dr. PARRAN. Mental health activities.

The Budget increase in this item is entirely for the activities authorized in the National Mental Health Act of the last Congress. The House reduction of \$1,108,000 will greatly retard the progress which we hoped to make in the next fiscal year in the many problems of mental illnesses, especially grants to universities for training and research.

AMOUNT FOR TRAINING AND RESEARCH

In the estimate as it appears before the House approximately \$2,500,000 would have been available for such training and research. As a result of the reduction only \$1,420,000 will be available.

APPLICATIONS RECEIVED

In this connection, Mr. Chairman, we have received and have now on file applications for aid in training much-needed mental health personnel. These applications come from 96 educational institutions in the country and the amounts requested approximate \$4,000,000.

For research, we have 61 applications from as many universities and other research centers for an amount totaling \$1,500,000.

Senator KNOWLAND. Could you supply the committee with the list of the applications and the amounts?

Dr. PARRAN. We can do so very readily, Mr. Chairman.

(The information is as follows:)

Applications for research grants received through Apr. 15, 1947

	<i>Amount</i>
Indiana University-----	\$6,075
Finley, Cecil B-----	7,000
University of Denver-----	3,430
Do-----	5,710
Harvard Law School-----	31,624
Clark University-----	15,850
Michigan State College-----	20,855
University of Texas-----	15,100
Johns Hopkins-----	12,237
Anna Roe-----	8,450
Worcester Foundation for Experimental Biology-----	57,186
State University of Iowa-----	13,800
Do-----	8,000
Do-----	6,600
University of Louisville-----	8,100
Northwestern University-----	11,600
University of Cincinnati-----	9,730
Northwestern University-----	9,150
New York State Psychiatric Institute and Hospital-----	19,890
Vanderbilt University-----	10,600
Rochester Public School-----	50,000
Chicago Institute of Psycholanalysis-----	5,000
Do-----	6,000
Do-----	5,000
Menninger Foundation-----	18,130
Louisiana Society for Mental Health-----	3,600
Menninger Foundation-----	18,795
University of Washington-----	39,000
Columbia University-----	10,800
Clark University, Worcester-----	12,920
Menninger Foundation-----	26,500
Brooklyn State Hospital-----	36,510
Harvard University-----	14,396
Washington University, St. Louis-----	21,000
Jefferson Medical College, Philadelphia-----	5,100
City and county of San Francisco-----	17,880
University of California-----	13,640
Jefferson Medical College-----	10,450
James Jackson Putnam Children Center-----	29,916
Hahnemann Medical College-----	6,000
Cornell University-----	6,372
Jule Eisenbud, M. D.-----	2,400

Applications for research grants received through Apr. 15, 1947—Continued

McLean Hospital	\$67,603
Do	23,672
Massachusetts General Hospital	26,352
University of Pittsburgh	30,800
Institute of the Pennsylvania Hospital	4,600
University of Pittsburgh	7,182
University of Georgia	8,500
Dr. Leopold Bellak	2,998
Washington School of Psychiatry	13,850
University of Chicago	23,706
University of Georgia	5,100
Ohio State University Research Foundation	23,220
State Teachers College, North Dakota	624
University of Illinois College of Medicine	26,800
Marriage Council of Philadelphia	13,900
New York State Psychiatric Institute and Hospital	8,000
University of California	5,508
University of Oklahoma	9,504
Caroline Zachry Institute of Human Development	7,400
University of Louisville	51,200
Michael Reese Hospital	7,203
Do	7,203
Do	8,500
Massachusetts General Hospital	12,740
May Institute of Medical Research	10,584
Jewish Board of Guardians	5,000
Elgin State Hospital	3,000
Pennsylvania Hospital	13,965
Institute of the Pennsylvania Hospital	15,675
Pennsylvania Hospital	8,679
Research Council on Problems of Alcohol	120,200
Ohio State University	11,850
Pennsylvania Hospital	19,736
May Institute for Medical Research	7,884
Yerkes Laboratories of Primate Biology	5,750
Catholic University of America	8,100
University of California	23,868
University of Illinois, Department of Psychology	4,100
University of Chicago	15,660
Judge Baker Guidance Center	31,005
Ohio State University	6,650
Do	7,250
Caroline Zachry Institute of Human Development	8,000
University of Illinois College of Medicine	14,500
Columbia University, College of Physicians and Surgeons	28,188
Roscoe B. Jackson Memorial Laboratory	19,800
Virginia Polytechnic Institute	5,500
Ohio State University	51,532
University of Southern California	6,200
Rockland State Hospital	9,957
Wayne University	17,648
Do	16,700
Walter E. Fernald State School	2,280
Do	6,540
Do	2,280
Do	4,780
Do	11,300
Do	8,370
Boston State Hospital	13,730
University of Michigan	49,680
Total	1,632,502

Financial summary of training grant applications received (Mar. 1 to Apr. 15)

Name of institution making application	Psychiatry grant				Psychology grant				Psychology-sociology work grant				Psychiatry nursing grant				Total training applications	
	Training amount	Pro-gram ¹	Stipend amount	Num-ber	Training amount	Pro-gram ¹	Stipend amount	Num-ber	Training amount	Pro-gram ¹	Stipend amount	Num-ber	Training amount	Pro-gram ¹	Stipend amount	Num-ber	Training amount	Stipend amount
Stanford University					\$26,360.00	I	\$14,400	8									\$26,360.00	\$14,400
University of California at Los Angeles					11,420.00	X	12,800	10									11,420.00	12,800
University of California, Berkeley	\$14,231.52	X	\$18,000	5	23,255.00	X	19,600	15	\$36,264.00	X	\$34,800	23					73,750.52	72,400
Child Guidance Clinic of Los Angeles	7,560.00	N	5,400	2	2,800.00	N	2,000	1	16,800.00	N	12,000	6					27,160.00	19,400
Southern California University (Children's Hospital)	17,050.00	N			25,579.25	I	19,200	10									42,629.25	19,200
Yale University	9,300.00	X	6,000	2	7,075.00	N	7,200	6									9,300.00	6,000
American University					5,700.00	X	8,400	6									5,700.00	8,400
George Washington University																		
Washington School of Psychiatry	28,000.00	I			24,950.00	X	29,000	21	11,975.00	X	22,000	13					28,000.00	
Catholic University	36,899.00	X	37,800	18	11,075.00	X	6,800	5									73,824.00	88,800
Purdue University					6,629.80	X	10,000	7									11,075.00	6,800
Indiana University					15,530.00	X	17,600	10									6,629.80	10,000
State University of Iowa					1,800.00	I	8,800	5									15,530.00	17,600
Institute for psychoanalysis	36,650.00	I	7,200	2	29,084.00	X	22,400	16	5,070.00	I							36,650.00	7,200
Northwestern University									6,800.00	X							1,800.00	8,800
University of Chicago	18,654.60	X	9,960	6													59,608.60	32,360
University of Illinois, College of Medicine	99,917.00	X	27,600	9	13,975.00	X	12,000	6									113,892.00	39,000
University of Illinois	9,280.00	X			7,350.00	I	21,600	16									7,350.00	21,600
Michael Reese Hospital	51,600.00	I	28,800	12	17,000.00	I	8,800	4	25,292.00	X	4,000	2	26,825.56	X	4,800	4	9,280.00	
Menninger Foundation	35,000.00	X															188,652.36	46,400
Do	32,934.80	I																
University of Kentucky					16,647.00	X	14,400	10									16,647.00	14,400
University of Louisville									14,225.00	N							22,225.00	
Tulane University	29,800.00	X	4,000	2					17,550.00	I	7,200	5					47,350.00	11,200
Louisiana State University	40,070.00	I	17,800	8					16,000.00	N	12,000	10	11,645.00	X	30,000	25	67,715.00	59,800
Louisiana Guidance Center	4,600.00	X	14,000	7													4,600.00	14,000
Harvard University, Boston Psychopathic Hospital	33,500.00	X	23,200	10	12,400.00	I	3,600	3									45,900.00	26,800

¹ N=establishment of new programs. X=expansion of existing program. I=improvement of present program.

Financial summary of training grant applications received (Mar. 1 to Apr. 15)—Continued

Name of institution making application	Psychiatry grant				Psychology grant				Psychology-sociology work grant				Psychiatry nursing grant				Total training applications	
	Training amount	Pro-gram	Stipend amount	Num-ber	Training amount	Pro-gram	Stipend amount	Num-ber	Training amount	Pro-gram	Stipend amount	Num-ber	Training amount	Pro-gram	Stipend amount	Num-ber	Training amount	Stipend amount
Massachusetts General Hospital	\$24,302.70	X	\$13,800	6					\$32,400.00	X	\$42,400	26					\$24,302.70	\$13,800
Boston University	39,840.00	I	9,600	4													72,240.00	52,000
Clark University					\$9,725.00	X	\$11,600	8	13,680.00	X	17,400	12					9,725.00	11,600
Simmons College									8,240.00	X	22,800	15					13,680.00	17,400
Smith College																	8,240.00	22,800
Judge Baker Guidance Center					13,100.00	X	6,400	4									13,100.00	6,400
Worcester State Hospital					4,500.00	I	14,000	8									4,500.00	14,000
McLean Hospital					7,950.00	X	6,000	4									7,950.00	6,000
Wayne University									12,400.00	X	21,200	15	\$14,007.00	X			26,407.00	21,200
Merrill-Palmer School					30,896.00	X	20,400	15									30,896.00	20,400
University of Michigan					24,240.00	X	11,200	7									24,240.00	11,200
University of Minnesota					11,330.00	X	9,600	6	17,164.60	X	12,800	8	43,150.00	X	\$30,800	20	54,480.00	40,400
Washington University									6,400.00	X							17,164.60	12,800
University of Nebraska	21,300.00	I	4,800	3													27,700.00	4,800
New Hampshire State Hospital																		
Princeton University					12,500.00	I	1,600	1					6,772.00	I	29,600	24	6,772.00	29,600
Jewish Board of Guardians	10,030.00	X	18,000	5					9,878.00	X	14,400	6					12,500.00	1,600
Columbia University	50,000.00	I	24,200	11	6,500.00	I	26,000	15	16,800.00	X	26,400	15	11,066.67	I	48,000	30	19,958.00	32,400
Babes Hospital	6,803.00	I			15,500.00	I	6,000										106,764.65	130,600
University of Buffalo	31,140.00	I	24,800	14					10,945.00	X	14,800	11					42,085.00	39,600
Cornell University	50,335.00	X	12,000	4													50,365.00	12,000
Board of Education, city of New York	15,114.00	N	9,000	3	11,588.00	N	12,000	6	22,372.00	N	24,000	10					43,074.00	45,000
Duke University			6,400	3	33,150.00	X	8,400	6									33,150.00	14,800
University of North Carolina																		
Ohio State University	50,000.00	I			15,340.00	X	32,000	20	20,145.26	X	53,600	40					20,145.26	53,600
University of Cincinnati	50,400.00	X	21,100	10													65,340.00	32,000
Western Reserve University									10,880.00	X	28,000	20					50,400.00	21,100
Philadelphia Psychoanalytic Society	2,830.00	I	24,000	8													10,880.00	28,000
Philadelphia Child Guidance Clinic	18,254.00	X	16,200	5													2,830.00	24,000
Pennsylvania State College					18,300.00	X	17,200	10									18,254.00	16,200
Pennsylvania School of Social Work, University of Pennsylvania	39,661.92	X	14,000	5													18,300.00	17,200
									13,485.00	X	13,600	7					53,146.92	38,000

[illegible]

TOTAL REQUEST FOR TRAINING AND FOR RESEARCH

Dr. PARRAN. In other words, we shall have available to start this new program during this coming fiscal year in the training and research \$1,420,000 while today we have \$5,500,000 requested from the institutions which wish to participate.

Senator KNOWLAND. Does the law give you a discretion on the amount of allocations or on what basis is that handled? Will you give a brief summary for the record what the basis is?

PURPOSES OF MENTAL HEALTH ACT

Dr. PARRAN. The purposes of this act are as follows:

1. Aid is authorized to the States, to the State health agencies or State mental health agencies to enable them to organize community health services. The budget estimate on that item was \$3,000,000. The House authorized that item and earmarked it in our appropriations entitled, "Assistance to States, General."

2. The act also authorizes research both in the Federal Government through a mental health institution, which is authorized to be constructed, and through grants to research institutions elsewhere in the United States. It is from these latter sources that we have 61 applications.

The act also authorizes training of personnel in two ways: (a) Through the appointment of personnel as research fellows who receive a stipend while they conduct research and further advance their own training in this field.

GRANTS TO EDUCATIONAL INSTITUTIONS

(b) Through grants to educational institutions for the training of personnel in this field. No grant may be given by the Surgeon General unless it is recommended for approval by the National Advisory Mental Health Council composed of six members outstanding in the field of mental health of which the Surgeon General is chairman.

REVIEW OF PROJECTS

So the screening is first by our own review of these projects and second, by a legally constituted council of experts who review very carefully every application, either approving it or disapproving it or recommending deductions in such application.

Senator KNOWLAND. Thank you, sir.

REASON FOR HOUSE REDUCTION

Dr. PARRAN. I may say, Mr. Chairman, that the House Committee in its report expressed its interest in seeing to it that this act was fully implemented. However, in the report the committee stated that this reduction was being made because this was the first year of the program and they preferred to see us start at a lower rate of progress. I do not have the exact words but I think I have given you the sense of it.

Senator KNOWLAND. You may proceed.

FOREIGN QUARANTINE SERVICE

STANDARD CLASSIFICATION SCHEDULE

(The standard classification schedule is as follows:)

Foreign Quarantine Service, Public Health Service

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 estimate compared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
01 Personal services:					
Departmental.....	\$63,333	\$65,359	\$65,359	+\$2,026	
Field.....	1,976,867	2,103,151	2,103,151	+126,284	
Total.....	2,040,200	2,168,510	2,168,510	+128,310	
Deduct quarters and subsist- ence furnished.....	19,000	19,000	19,000		
Net total.....	2,021,200	2,149,510	2,149,510	+128,310	
03 Transportation of things.....	10,600	10,600	10,600		
04 Communication services.....	11,500	11,500	11,500		
05 Rents and utility services.....	35,276	35,276	35,276		
07 Other contractual services.....	67,200	72,190	72,190	+4,990	
08 Supplies and materials.....	87,013	87,013	87,013		
09 Equipment.....	28,111	152,611	110,911	+124,500	-\$41,700
Grand total obligations.....	2,260,900	2,518,700	2,477,000	+257,800	-41,700
Reimbursements for services per- formed.....	-27,000	-27,000	-27,000		
Excess of obligations over appropria- tion due to—					
Public Law 390.....	-237,505			+237,505	
Public Law 474.....	-10,495			+10,495	
Total appropriation or estimate..	1,985,900	2,491,700	2,450,000	+505,800	-41,700

PURPOSE OF INCREASE REQUESTED

Dr. PARRAN. The restoration of \$41,700 will permit the replacement of boat equipment used in boarding of incoming vessels from foreign ports.

EMPLOYEE HEALTH SERVICES

STANDARD CLASSIFICATION SCHEDULE

(The standard classification schedule is as follows:)

Federal employee health services, Public Health Service

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 estimate compared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
01 Personal services:					
Departmental.....		\$138,808	\$85,000	+\$138,808	-\$53,808
Field.....	\$179,863	633,958	222,787	+454,095	-411,171
02 Travel.....		100,000	5,000	+100,000	-95,000
03 Transportation of things.....		6,500	2,100	+6,500	-4,400
04 Communication services.....	2,100	9,071	4,000	+6,971	-5,071
05 Rents and utility services.....		250	250	+250	-----
07 Other contractual services.....	275	5,000	4,000	+4,725	-1,000
08 Supplies and materials.....	10,600	6,870	6,870	-3,730	-----
09 Equipment.....	5,553	65,200	34,650	+59,647	-30,550
10 Lands and structures.....					
Grand total obligations.....	198,391	965,657	364,657	+767,266	-601,000
Reimbursement for services performed.....	-57,157	-38,957	-38,957	+18,200	-----
Received by transfer from—					
“Hospitals and medical care, Pub- lic Health Service”.....	-141,234	-----	-----	+141,234	-----
“Contingent expenses, Depart- ment of Labor”.....		-13,100	-13,100	-13,100	-----
“Salaries and expenses, Federal Communications Commission”.....		-4,300	-4,300	-4,300	-----
“Salaries and expenses, Bureau of Budget”.....		-4,150	-4,150	-4,150	-----
“Salaries and expenses, Office of Government Reports”.....		-4,150	-4,150	-4,150	-----
Total appropriation or estimate.....	-----	901,000	300,000	+901,000	-601,000

EFFECT OF HOUSE REDUCTION

Dr. PARRAN. Unless the full amount of the Budget of \$901,000 is allowed, it will be necessary to confine operations in this field to the metropolitan area of Washington, D. C.

This item is to carry out the provisions of Public Law 658.

COMMISSIONED OFFICERS, PAY, ETC.

STANDARD CLASSIFICATION SCHEDULE

(The standard classification schedule is as follows:)

Pay, etc., commissioned officers, Public Health Service

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 estimate compared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
01 Personal services:					
Active duty.....	\$5,418,374	\$6,438,692	\$6,264,627	+\$1,020,318	-\$174,065
Retired.....	475,411	568,533	568,533	+93,122	-----
Reimbursements for services per- formed.....	-66,344	-81,836	-81,836	-15,492	-----
Received by transfer:					
"Medical and hospital services, penal institutions," Department of Justice.....	-106,883	-106,850	-106,850	+33	-----
"Maritime training, U. S. Mari- time Commission".....	-----	-43,520	-43,520	-43,520	-----
Other appropriations, PHS.....	-402,158	-601,019	-850,654	-198,861	-249,635
Total appropriation or estimate..	5,318,400	6,174,000	5,750,300	+855,600	-423,700

¹ Includes \$249,635 transferred to "Pay, etc., commissioned officers."

EFFECT OF HOUSE REDUCTION

Dr. PARRAN. Although the House made no change in the number of officers authorized, the reduction of \$174,065 will have the effect of reducing the average number on duty during the year.

TRAINING FOR NURSES

STANDARD CLASSIFICATION SCHEDULE

(The standard classification schedule is as follows:)

Training for nurses, Public Health Service

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 estimate compared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
01 Personal services:					
Departmental.....	\$145,487	\$112,152	\$107,422	-\$33,335	-\$4,730
Field.....	250,439	173,217	160,031	-47,222	-13,186
02 Travel.....	77,420	75,084	61,000	-2,336	-14,084
03 Transportation of things.....	900	839	839	-61	-----
04 Communication services.....	4,200	4,000	4,000	-200	-----
05 Rents and utility services.....	6,500	6,000	6,000	-500	-----
06 Printing and binding.....	6,000	5,000	5,000	-1,000	-----
07 Other contractual services.....	1,500	1,000	1,000	-500	-----
08 Supplies and materials.....	3,500	3,000	3,000	-500	-----
09 Equipment.....	500	500	500	-----	-----
11 Grants, subsidies, and contribu- tions.....	14,718,732	4,448,405	4,146,405	-10,270,327	-302,000
Grand total obligations.....	15,185,178	4,859,197	4,495,197	-10,355,981	-324,000
Transferred to—					
"Salaries and expenses, Freed- men's Hospital, Federal Se- curity Agency".....	10,322	2,003	2,003	-8,319	-----
"Salaries and expenses, St. Eliza- beth's Hospital, Federal Se- curity Agency".....	4,000	2,800	2,800	-1,200	-----
"Miscellaneous expenses, Office of Administrator, Federal Security Agency".....	500	-----	-----	-500	-----
Unobligated balance, estimated savings.....	1,100,000	-----	-----	-1,100,000	-----
Net appropriation or estimate..	16,300,000	4,834,000	4,500,000	-11,466,000	-334,000

BASIS OF BUDGET ESTIMATE

Dr. PARRAN. The original Budget estimate was carefully computed, based on the number of student nurses for which the Government is responsible who will be in training during the fiscal year 1948. This is the last year of the wartime training program. We have no reason to think that the requirements will be any less than the amount carried in the Budget.

SALARIES AND EXPENSES

STANDARD CLASSIFICATION SCHEDULE

(The standard classification schedule is as follows:)

Salaries and expenses, Public Health Service

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 estimate compared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
01 Personal services:					
Departmental.....	\$2,417,076	\$3,043,271	\$2,796,425	+\$626,195	-\$246,846
Field.....	345,319	291,120	285,085	-54,199	-6,035
03 Transportation of things.....	89,200	97,050	94,700	+7,850	-2,350
04 Communication services.....	28,075	27,536	26,936	-539	-600
05 Rents and utility services.....	19,555	27,552	27,552	+7,997	-----
07 Other contractual services.....	223,632	246,010	217,805	+22,378	-28,205
08 Supplies and materials.....	87,811	108,190	87,226	+20,379	-20,964
09 Equipment.....	63,717	75,180	64,180	+11,463	-11,000
Grand total obligations.....	3,274,385	3,915,909	3,599,909	+641,524	-316,000
Reimbursements for services per- formed.....	-172,959	-4,909	-4,909	+168,050	-----
Transferred to "Miscellaneous ex- penses, Office of Administrator, Federal Security Agency".....	+5,000	+5,000	+5,000	-----	-----
Received by transfer from—					
"Salaries and expenses, Freed- men's Hospital, Federal Secur- ity Agency".....	-2,750	-----	-----	+2,750	-----
"Salaries and expenses, Vital Sta- tistics, Office of Surgeon Gen- eral, Public Health Service".....	-943,240	-----	-----	+943,240	-----
Excess of obligations over appropria- tion due to—					
Public Law 390.....	-220,073	-----	-----	+220,073	-----
Public Law 474.....	-8,738	-----	-----	+8,738	-----
Total appropriation or estimate..	1,931,635	3,916,000	3,600,000	+1,984,375	-316,000

EFFECT OF HOUSE REDUCTION

Dr. PARRAN. Most of the House reduction in this item was directed at the National Office of Vital Statistics, which last year was transferred to the Public Health Service. Unless the cut of \$316,000 is restored that Office will be unable to proceed with the development of more effective statistical processing of birth, death, marriage, and divorce records.

INTERNATIONAL HEALTH RELATIONS

STANDARD CLASSIFICATION SCHEDULE

(The standard classification schedule is as follows:)

Office of International Health Relation, Public Health Service

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 estimate compared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
01 Personal services:					
- Departmental.....	\$31, 882	\$55, 117	\$46, 638	+\$23, 235	-\$8, 479
Field.....	186, 030	201, 758	195, 237	+15, 728	-6, 521
02 Travel.....					
03 Transportation of things.....	8, 000	2, 000	2, 000	-6, 000	
04 Communication.....	1, 752	2, 000	2, 000	+248	
05 Rents and utility services.....	600	600	600		
07 Other contractual services.....	1, 750	2, 000	2, 000	+250	
08 Supplies and materials.....	54, 266	42, 697	32, 697	-11, 569	-10, 000
09 Equipment.....	51, 320	13, 828	13, 828	-37, 492	
Grand total obligations.....	335, 600	320, 000	295, 000	-15, 600	-25, 000
Reimbursement for services performed.....	-35, 600	-20, 000	-20, 000	+15, 600	
Excess of obligations over appropria- tion due to—					
Public Law 390.....	-3, 828			+3, 828	
Public Law 474.....	-5, 472			+5, 472	
Total appropriation or estimate..	290, 700	300, 000	275, 000	+9, 300	-25, 000

AMOUNT OF HOUSE REDUCTION

Dr. PARRAN. International health relations. The House reduced the Budget by \$25,000, although we had requested no increase in the amount available for the current fiscal year. The responsibilities of the Service in the international health field are increasing, and it is our feeling that \$300,000 is the minimum amount needed for these activities in the next fiscal year.

ACCOMPLISHMENTS IN INTERNATIONAL HEALTH FIELD

Senator McCARRAN. What is accomplished, Dr. Parran, in the international health field, would you give us a picture of it?

PUBLIC HEALTH MISSION TO LIBERIA

Dr. PARRAN. The major part of this item, Senator, is being expended at the request of the State Department for the expenses of a public health mission to Liberia. During the war, arrangements were made with the Liberian Government to invite a public health mission to come to that country initially to protect the health of our troops who were stationed there.

Senator McCARRAN. Why Liberia?

Dr. PARRAN. This was a matter which was discussed in the highest circles on the administrative side of the Government, and it was felt important that expenditures should be made on the one hand to improve the health of our troops in our military institutions there, especially Roberts Field, and second, to aid that country in its fight against disease.

Senator McCARRAN. Have we any troops there now?

Dr. PARRAN. We have a few there.

Senator McKELLAR. About how many?

Dr. PARRAN. I have not the current figure but a few maintenance troops are there in connection with the airfield, Roberts Field.

Senator McCARRAN. The geographic position of Liberia causes me to wonder why it was decided to carry out that mission for Liberia. Why was it not some place where we had a greater concentration of troops?

Dr. PARRAN. Senator, we did expend through other appropriations substantial amounts of money in other military areas in the control of malaria and other diseases. The basic law authorizes such expenditures within or outside the United States. Similar operations were carried on in Trinidad and elsewhere at the request of the Army.

Liberia assumes a substantial importance in the continuing health program of this country, in that yellow fever is present in equatorial Africa and it was a take-off point going east and west, particularly to Brazil. During the war, a vicious vector of malaria, a mosquito, was reintroduced into Brazil from Africa.

I do not want to prolong this discussion, Mr. Chairman, but I think it is important.

Senator McCARRAN. It addresses itself to an item and I wondered why it was to Liberia. My recollection is in dealing with this matter before, either in this committee or in one of the other committees, we appropriated considerable sums of money for Liberia for other reasons. We took care of Liberia more than we have been taking care of them because there were dangers of losing control in Liberia which was a vital and essential place for us in African territory.

Liberia has been a very friendly and cooperative country, although very small, but we stood quite a chance of losing Liberia and losing the cooperation and good will of Liberia. That is what I wanted to develop because when our troops are out of Liberia there would not be much excuse for this work being carried on there unless we can show good reason.

Dr. PARRAN. Mr. Chairman, I did not feel as free to speak on the subject as Senator McCarran has done. I should say that in the Liberian project there continues to be substantial health considerations

affecting this country. Brazil threatened to close its airports, which were then essential to the continuing of the war effort, if the situation of Liberia were not improved. In other words, if they were threatened to be exposed to invasion of yellow fever.

It is expected that this activity will continue for one or two more years. At the outset it was understood, Senator, that this program would continue for 4 or 5 years.

Senator McCARRAN. That is right.

Dr. PARRAN. That is, a continuation of this program.

Senator McCARRAN. You will pardon me, but I wanted to bring it out because these things come out when the committee goes into executive session.

Dr. PARRAN. Thank you, very much, Senator, for your statement which has greatly clarified this matter.

TRAVEL EXPENSES

EXTENT OF HOUSE REDUCTION

Dr. PARRAN. Most Public Health Service programs obtain travel funds from the central travel appropriation under the Office of the Administrator of the Federal Security Agency. This appropriation was substantially reduced by the House committee and as a result the Agency allocation to the Public Health Service for fiscal year 1948 has been reduced to \$880,772. The proposed allocation is \$539,828 below our estimate and about 30 percent less than the amount available for the same purposes in 1947. Obviously, many essential activities must either be curtailed or eliminated entirely unless the cut is restored.

EFFECT OF REDUCTION ON FIELD ACTIVITIES

Obviously, Mr. Chairman, many of our field activities must be curtailed or cut off entirely.

As brought out by your earlier question, we do not operate any substantial programs from Washington. Our people are of value as their services can be made available in one place or another in co-operation with the States. This is true of our tuberculosis program, our program for venereal disease, sanitation, inspection of water supplies and milk supplies, and other similar work which requires going right to the grass roots.

This substantial reduction in travel funds will seriously injure that work.

WORK WITH STATES AND LOCALITIES

Senator KNOWLAND. Do you work primarily with the State department of public health, or do you go down into the local units of government?

Dr. PARRAN. We do both. We do work primarily with the State departments of health, and through them, and only through them and with their approval, with the local communities.

Senator KNOWLAND. You may proceed.

PRINTING AND BINDING

EXTENT OF HOUSE REDUCTION

Dr. PARRAN. The picture with respect to printing and binding is much the same as with travel. Here again the Public Health Service receives an allocation from the Federal Security Agency. The amount proposed for 1948 is \$220,168. This is approximately the same amount as is available for 1947.

It is \$149,862 less than the budget estimate. Unless the cut is restored the funds provided for 1948 will cover only essential administrative printing, and much scientific information must be unpublished.

VENEREAL DISEASES

QUESTION AS TO INCREASING FINANCIAL SUPPORT BY STATES

Senator KNOWLAND. On the venereal-disease program, as an example, have any States taken steps to assume any greater responsibility and financial support in recent years?

Dr. PARRAN. They have done extremely well in that connection. The House committee questioned us closely in that regard, and I can say that in the general program of the States for maintenance of the cooperative clinics the States are bearing well over half of the cost.

During the war a scientific event made it necessary that we expand the program. This was the discovery of rapid, safe, and effective methods of treating syphilis, particularly through the use of penicillin. As a result of it and other methods it is possible to accomplish in a period of 10 or 11 days in treating infectious syphilis as good results as would have been accomplished in 12 months as of 12 years ago.

Senator McKELLAR. Why could not the States use the penicillin treatment?

Dr. PARRAN. The States are using the penicillin treatment.

Senator McKELLAR. It seems to me that we have the Government performing the same acts.

Dr. PARRAN. The act in this case, sir, is being performed jointly. The system of rapid-treatment centers was set up during the war, and initially the Federal Government paid the entire cost.

Senator McKELLAR. I can see how that is done, but after the war is over why should it not be left to the States?

PERCENTAGE OF FUNDS PUT UP BY STATES

Dr. PARRAN. We have continued to seek aid from the States in bearing a larger part of the cost. As a result, during the past 18 months, the States have assumed approximately one-third of the costs. They have taken over initially with new State expenditures approximately one-third of the cost of this program of rapid-treatment centers.

PARTICIPATION IN PROGRAM BY STATES

Senator KNOWLAND. Could you furnish to the committee a list of the States participating in the program with the amounts contributed by

the State to the program and the amount contributed by the Federal Government?

Dr. PARRAN. I shall be very glad to do that, Mr. Chairman. I believe it appears in the House hearing. (See pp. 294-295 of House hearings.)

Senator McCARRAN. You are speaking now of the venereal-disease program?

Senator KNOWLAND. Yes.

PAYMENT FOR TREATMENTS

Under the law as it is now written, is it permissible for those able to pay to make a payment for the treatment or not?

Dr. PARRAN. Yes; and the determination of what the yardstick shall be as to ability to pay is left with the individual State and community.

Senator KNOWLAND. Are any of the States making collections for payment of treatment?

Dr. PARRAN. Some of them are, especially in the clinics and more particularly in the clinics operated in conjunction with voluntary hospitals, and such payments are used to defray the net cost.

PAYMENTS RECEIVED BY STATES

Senator KNOWLAND. Have you any statistical information as to the amount of payments that are received in the various States which goes toward the support of the program?

Dr. PARRAN. That is, payments?

Senator KNOWLAND. Patient payments as distinguished from State subsidy.

Dr. PARRAN. We have not collected that information, Mr. Chairman. We have collected much information on many other scores. The practice has varied greatly; sometimes the payment is a dollar, sometimes it is a quarter or 10 cents, depending upon the practice of that particular hospital, not only treating venereal diseases but other diseases. The amounts that they collect serve to reduce the amount of State and Federal funds.

Senator KNOWLAND. How do they treat?

Dr. PARRAN. Generally speaking, their service is offered free. It is offered on the basis that this is a contagious disease and it is for the protection of others that treatment is offered. It is rather incidental that the funds are collected in the way I have described.

TREATMENT GIVEN

Senator McCARRAN. Doctor, how expensive is the Federal activity in the field of this venereal-disease treatment? Do you go around with the cars where they have a clinic on wheels, so to speak?

Dr. PARRAN. We have tried that device with great success in some of the rural areas of the South. In other instances, we have made available additional laboratory help; have secured from the Army the use of abandoned barracks; have offered free blood tests to every person in the community.

In Savannah, Ga., also in Birmingham and Jeffereson County, Ala., the State health departments asked us to carry out such a program.

An extraordinary amount of the people in those communities volunteered to have a blood test. Those who were found to be positive were offered a 10-day free treatment, which in the case of 80 percent was successful in curing the disease.

Senator McCARRAN. Does a 10-day treatment contemplate one application?

Dr. PARRAN. No sir; it requires injections of penicillin every 2 or 3 hours, day and night.

Senator McCARRAN. Is that so?

Dr. PARRAN. Yes; that is for about 7 days.

Senator McCARRAN. They are hospitalized then?

Dr. PARRAN. They are hospitalized for that period; yes.

FIGURES ON NUMBER OF VENEREAL CASES

Senator KNOWLAND. Have you any figures showing the incidence of venereal disease in the country as to its increase or decrease?

Dr. PARRAN. Yes, Mr. Chairman. We have submitted or did submit to the House committee summarizing a table which appears in the House hearings on page 296.

I can say that the total number of cases of syphilis reported both from military and civilian sources for the year 1943, for example, exceeded 600,000. For the year 1946, the same total number was less than 400,000. During that period, as result of this intensive treatment which is becoming well known, we have been able to get more patients with early syphilis who formerly resisted going to a clinic or to a doctor because of the long treatment to which they would be subjected.

As a result of that and as a result of a more intensive search for cases our records show that reported cases of primary and secondary syphilis have increased year by year but the total number of cases, late, old and new, altogether, have been reduced in the ratio of 6 to 4 between 1943 and 1946.

PRINTING AND BINDING

REASON FOR PUBLISHING SCIENTIFIC DOCUMENTS

Going back to printing and binding, it will not be possible to publish the results of many of our scientific findings.

Senator McCARRAN. Doctor, what importance is attached to the publication of the scientific documents? What results make it worth the money?

Dr. PARRAN. Senator, that is a very pertinent question.

The reason for such publication is to make known to the public the results of scientific discovery. In other words, if scientific research is conducted and no publication is made of it, the public does not benefit. The publication and dissemination of this information among the public creates a better understanding.

Senator McKELLAR. Have you been able to find out to what extent they are read?

Dr. PARRAN. We have made some tests of that, Senator.

Senator KNOWLAND. Do these publications have general widespread distribution or are they primarily to help authorities?

AMOUNT FOR VARIOUS ITEMS

Dr. PARRAN. They are of several types. This whole appropriation, for example, covers all of the blank forms, report cards that have to do with our administrative and scientific operations.

Senator McKELLAR. How much does it cost?

Dr. PARRAN. It involves reports from every local health jurisdiction in the country as to the number and types of communicable disease.

For 1947, Senator, this item amounted to \$85,390.

Senator KNOWLAND. That is primarily your statistical information coming into your headquarters?

Dr. PARRAN. That is correct. Letters and miscellaneous, \$5,900; binding, \$2,000; printing of regulations and instructions, \$6,100; the publication of public health reports, \$43,000.

This last item is a substantial one; this is the main publication of Public Health Service which goes to health authorities throughout this country and abroad. Those which are sent abroad are in interchange with comparable publications from other countries. These reports carry current information as to the prevalence of communicable diseases all over the world as well as reports of scientific discoveries and more practical articles on health procedures.

Reprints of the Public Health Reports, \$5,000; supplements to Public Health Reports, \$2,000; annual reports, \$2,000; Negro health publication, \$600; Negro Health News, \$2,200; public health bulletins, \$2,500.

Then we have the National Institute of Health bulletins, \$2,000; Cancer Research Journal, \$8,000; venereal-disease information and reprints and supplements thereto, \$9,000; public health engineering abstract, \$7,600.

There are a few other smaller ones and vital-statistics publications amounting to \$28,000. This item appears initially this year and for the next year for the first time because the Office of Vital Statistics was transferred to us.

NATIONAL CANCER INSTITUTE

Senator McCARRAN. How much does your department participate in cancer research activities?

Dr. PARRAN. We participate substantially in that field, Senator.

You may recall that in 1937 the Congress passed a National Cancer Institute Act, providing for erection of an institute here, authorizing fellowships and authorizing grants to individuals for training in this specialty, as well as grants to institutions and individuals for research. The research grants in this case are safeguarded in the same way that I described in the mental health grants. The ceiling on the amounts of money which are authorized was \$700,000 until 1944 when the Congress passed Public Law 410 and removed the ceiling. The appropriations since then have increased.

Senator McKELLAR. What was it last year?

Dr. PARRAN. The appropriation for 1947 was \$1,772,000 plus \$2,500,000 which were granted to the States for their cancer-control programs.

Senator McCARRAN. That item of, I believe it was, \$1,000,000?

Dr. PARRAN. \$1,772,200.

Senator McCARRAN. What would you say to the committee as to the amount of that, was it sufficient to meet what you thought was a reasonable activity on the part of your bureau into this cancer research?

AMOUNT IN BILL

Dr. PARRAN. It was not, Senator, and because of that fact the Budget Bureau recommended a substantial increase in the appropriation for the coming fiscal year and the House of Representatives added an additional \$6,000,000, so that the total amount of money in the budget which is now before you is a substantial item, \$17,300,000.

Senator McCARRAN. That is a great increase from former years.

Dr. PARRAN. It is a great increase and on this item the House committee made a substantial report pointing out the needs, pointing likewise to the attempts which have been made in the Congress to provide for special funds or a special law to be passed dealing with the cancer problem.

Senator McCARRAN. I am just wondering, Doctor, how you are equipped or how you can equip yourselves within a reasonable time for carrying out that research with that money made available. My mind now dwells on scientists who may be available to you.

Dr. PARRAN. You have touched on a very important problem, Senator McCarran. The fact is that a relatively small amount will be added to the Cancer Institute itself because now we just do not have the space to expand. Most of the money will be used in giving grants in aid to institutions elsewhere in the United States.

Again, sooner or later, we shall exhaust the scientific potential of the country.

Senator McCARRAN. That is what I was thinking of. I would like to have you explain that?

GRANTS TO EDUCATIONAL INSTITUTIONS

Dr. PARRAN. In an attempt to meet that problem our present law authorizes us to give grants to educational institutions enabling them to train additional persons in this field. We do not expect to give those grants at the undergraduate level but train graduate students who will acquire a doctor of philosophy degree in fields of science bearing upon cancer.

Senator McCARRAN. Do you know whether a doctor's degree would be required?

Dr. PARRAN. By no means for such work. For clinical research, yes; but for many studies in the fundamental fields of physiology and biology and biophysics which underlie this whole process of growth, many nonmedical scientists are needed. It is because of the fact that cancer appears to be so baffling and so complicated that we believe the cause will come from a better understanding of cell growth and division.

Therefore, we hope that we shall be able to get the aid of many different scientific disciplines. There is a wide field in which to seek for knowledge and talent bearing on this problem.

Senator McCARRAN. Thank you, Doctor, that is very enlightening.

Dr. PARRAN. Thank you.

Senator KNOWLAND. Are there any questions?

NATIONAL INSTITUTE OF HEALTH

SUPPLEMENTAL ESTIMATE

Dr. PARRAN. We have a supplemental item here.

Senator KNOWLAND. Yes.

Dr. PARRAN. Mr. Chairman, since the President's Budget was submitted to the Congress this item has come up.

Senator KNOWLAND. That supplemental item will be placed in the record at this point.

(The estimate is as follows:)

[S. Doc. No. 44, 80th Cong., 1st sess.]

COMMUNICATION FROM THE PRESIDENT OF THE UNITED STATES TRANSMITTING
SUPPLEMENTAL ESTIMATE OF APPROPRIATION FOR THE FEDERAL SECURITY AGENCY,
FISCAL YEAR 1948, AMOUNTING TO \$1,000,000 IN THE FORM OF AN AMENDMENT
TO THE BUDGET

THE WHITE HOUSE,
Washington, April 10, 1947.

The PRESIDENT OF THE SENATE PRO TEMPORE.

SIR: I have the honor to transmit herewith for the consideration of Congress a supplemental estimate of appropriation for the fiscal year 1948 in the amount of \$1,000,000 for the Federal Security Agency, in the form of an amendment to the Budget for said fiscal year.

The details of this estimate, the necessity therefor, and the reasons for its submission at this time are set forth in the letter of the Director of the Bureau of the Budget, transmitted herewith, in whose comments and observations thereon I concur.

Respectfully yours,

HARRY S. TRUMAN.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington 25, D. C., April 10, 1947.

The PRESIDENT,

The White House.

SIR: I have the honor to submit herewith for your consideration, a supplemental estimate of appropriation for the fiscal year 1948 in the amount of \$1,000,000 for the Federal Security Agency, in the form of an amendment to the Budget for said fiscal year, as follows:

FEDERAL SECURITY AGENCY, PUBLIC HEALTH SERVICE

On page 193, column 1, increase the amount of the estimate for "Operating expenses, National Institute of Health, Public Health Service" from "\$9,126,000" to "\$10,126,000"----- (increase) -- \$1, 000, 000

This estimate provides for a clinical and laboratory research program in tuberculosis therapy revolving about the use of antibiotic streptomycin.

A need has recently been demonstrated for integration of existing Federal and non-Federal clinical research programs in this field and for limited further supplementation of research efforts through grants-in-aid to agencies outside the Federal Government. This must be done if conclusive evidence is to be obtained, in a reasonably short time, as to the effect on tuberculosis of such drugs as streptomycin. The need for Public Health Service funds was not apparent at the time the 1948 estimates were transmitted; therefore, no recommendation was made by the Federal Security Agency for this program and nothing was included in the 1948 Budget.

Provision of additional funds is now required to enable the Public Health Service to meet this urgent need. I recommend that the estimate be transmitted to the Congress.

Respectfully yours,

JAMES E. WEBB,
Director of the Bureau of the Budget.

FEDERAL SECURITY AGENCY, UNITED STATES PUBLIC HEALTH SERVICE

OPERATING EXPENSES, NATIONAL INSTITUTE OF HEALTH

Supplemental estimate ----- \$1, 000, 000

FEDERAL SECURITY AGENCY,
Washington, April 14, 1947.Hon. WILLIAM F. KNOWLAND,
United States Senate, Washington, D. C.

DEAR SENATOR KNOWLAND: Transmitted is a request and justification for an amendment to increase the amount provided by the House in H. R. 2700 for "Operating expenses, National Institute of Health, Public Health Service" from \$9,126,000 to \$10,126,000. Senate Document No. 44 has already been submitted recommending the increase.

The additional amount requested, \$1,000,000, is to provide through grants-in-aid for a clinical and laboratory research program in tuberculosis therapy revolving about the use of the antibiotic, streptomycin. The need for additional funds for research study on the use of streptomycin in the treatment of tuberculosis was not apparent at the time the 1948 estimates were submitted; hence, nothing was included in the 1948 Budget for this specific purpose. However, recent developments regarding streptomycin indicate that more extensive research regarding it should be made under direction of the United States Public Health Service.

Your favorable consideration in amending the amount provided for grants-in-aid in 1948 to be administered by National Institute of Health, Public Health Service, is therefore requested.

Sincerely yours,

MAURICE COLLINS, *Acting Administrator.**Operating expenses, National Institute of Health, public health expenses*

	<i>Estimate, 1948, total salary</i>
11 Grants, subsidies, and contributions-----	\$1, 000, 000.
Total appropriation or estimate-----	1, 000, 000.

OPERATING EXPENSES, NATIONAL INSTITUTE OF HEALTH, PUBLIC HEALTH SERVICE

Language change.—Page 25, line 4, strike out "\$9,126,000" and insert in lieu thereof "\$10,126,000."

Justification.—The additional amount requested is required to aid the development and establishment of a long-range clinical and laboratory tuberculosis research program. The need for the program was not established until after submission of estimates to the Bureau of the Budget and was therefore not considered by the House of Representatives. The item was forwarded to the Senate by the President on April 10 and is included in Senate Document No. 44.

Streptomycin gives promise of being effective in the treatment of tuberculosis and, as a result of successful laboratory and animal trials, is being tried on humans. It is imperative that extensive controlled experiments be performed immediately, especially in view of the promising results obtained in meningitis and military tuberculosis, and that plans for such experiments be so flexible as to permit investigation of and search for other effective antibiotics which might prove less toxic and less expensive. Furthermore, it is mandatory that these experiments be conducted under a long-range plan in order that sufficient time might be afforded to select ultimately an agent or a combination of agents which may be reasonable in cost, safe in administration, and sufficiently potent to prevent development of resistant strains of tubercle bacilli. Laboratory and clinical testing of a sufficiently large number of patients must be conducted under rigidly controlled conditions to permit evaluation of all indications and contra-indications for the use of these drugs and to make available to the medical profession at the earliest possible moment those schedules of therapy most likely to effect a cure of tuberculosis without at the same time harming the patient through unknown toxic effects of the drugs. The funds requested will permit the selection of certain of the most urgent and pressing problems in the above fields.

Plans permitting immediate action toward implementation of this long-range study have been established through collaboration of the National Tuberculosis Association, the American Trudeau Society, and the United States Public Health Service. Committees of the American Trudeau Society and of the National Tuberculosis Association gave their time unstintingly and allocated \$25,000 for the first year of operation of the studies. The National Advisory Health Council has given enthusiastic endorsement to the program and recommended earmarking from limited 1947 research grant funds then available an amount of \$100,000 for the pilot studies described.

TRIAL USE OF STREPTOMYCIN IN STUDY OF TUBERCULOSIS

Dr. PARRAN. A new problem has arisen in the field of research. It has to do with the trial use of a new substance—an antibiotic called streptomycin—in the study of tuberculosis.

That is covered in a communication from the President dated April 10, 1947, Document No. 44, and the purpose of this supplemental estimate is covered in that document. I should like to point out that this drug has given some promise in treating pulmonary tuberculosis and has been proven as being quite effective in the treating of tuberculosis meningitis and tuberculosis of the genito-urinary system.

Under this item it is planned to have a controlled study in which a substantial number of institutions in the country under the direction of leading experts in tuberculosis will conduct investigations which will give the answer of how valuable streptomycin is, in what doses it is effective, what complications occur in the treatment of the several types of tuberculosis, and so forth.

With your permission I would like to ask Assist. Surg. Gen. Herman Hilleboe, who until recently was head of our tuberculosis division to elaborate upon my general statement. Dr. Hilleboe is one of the leading authorities of the country on tuberculosis.

DEVELOPMENT OF STREPTOMYCIN

Dr. HILLEBOE. Mr. Chairman, I should like to point out that during the war streptomycin was developed by two scientists who were actively seeking to find some such material that would be effective against the organisms that are not affected by penicillin and out of the soil an organism was found which was effective against the particular organism causing tuberculosis.

USE DURING WAR

During the war the material was used in nontuberculosis conditions. It was found effective, for example, among the soldiers and sailors who had been injured in the spine so that control of the bladder was lost.

DETERMINATION OF USEFULNESS IN TUBERCULAR CASES

Since the war it has been necessary to determine its usefulness in tuberculosis, particularly pulmonary tuberculosis. It is rather expensive to carry out experimentation for the reason that we have to treat these patients from 3 to 4 months, and we have to use doses from 1 to 4 grams.

SOURCE OF STREPTOMYCIN

Senator McCARRAN. What is the source of the drug itself?

Dr. HILLEBOE. The source is a material which must be grown in cultures and during its growth it gives off a byproduct which has been named streptomycin. It is made in huge quantities in vats and the material is drawn off from the vats and tested for potency and purity.

FORMER CONTROL OF STREPTOMYCIN

Senator McCARRAN. May I ask another question?

About a year or a year and a half ago I had occasion to try to get some of this streptomycin to be sent to a party in southern Nevada. I am not certain that I applied to your group or to Dr. Parran, but I know that I had to apply to the Army because I was advised that the Army had control of the production. It took me some considerable time and a lot of manipulating to get it.

I am wondering if it is more available now?

Dr. HILLEBOE. Yes, Senator, it is more available now. A year and a half ago, the drug was under control of the National Research Council, and the Army of course was the principal user, and it was not possible to obtain enough of the drug to be made available to the public.

COST OF STREPTOMYCIN

At the present time it actually can be bought by prescription in the drug stores, but it is quite expensive. It costs approximately \$3,700 for 1,000 grams; so you can see that the cost of giving from 1 to 3 grams a day is quite an item.

Senator KNOWLAND. How does the cost today compare with what it was a year or two years ago?

Dr. HILLEBOE. A year ago or a year and a half ago, it cost \$20,000 a kilogram. In other words, it had come down from \$20 to \$2.35 a gram in a period of year and a half.

POSSIBILITY OF REDUCING COSTS

Senator McCARRAN. Is there a possibility of getting it even more available at less cost?

Dr. HILLEBOE. That depends on the research we hope to carry on. The difficulty is that the manufacturing costs are great and the drug firms do not wish to set up expensive plants running into the millions of dollars unless they are reasonably certain that the drug will be successful in the treatment of pulmonary tuberculosis.

USE IN TUBERCULAR CASES

In tuberculosis we must follow these cases for a long time and the laboratory expenses are quite large. The treatment must be given every 4 hours over a period of 4 months, so it is a very difficult drug to administer. The drug firms are not prepared to set up new manufacturing plants until we have carried out some experiments on several hundred patients.

Senator McCARRAN. Is it given intravenously?

Dr. HILLEBOE. It is given intramuscularly. In some of the forms of tuberculosis, we give it by a spray down into the lungs.

It is important to carry on this experimentation, first of all to learn whether to use it in our tuberculosis sanitariums, and secondly, so we can cut down the amount of treatment and still make progress in cases. Right now we are having difficulty in its use because some of the people become deaf and some develop circulatory complications. There are some complications which we do not honestly know what the reasons are, but if we study it, we will find out what they are.

By studying the use of this streptomycin we are going to attempt to see if we cannot get byproducts and drugs similar to this which are less toxic, so we feel that it is important to proceed with this as expeditiously as possible.

Senator KNOWLAND. Are there any further questions?

Senator DWORSHAK. I wanted to ask Dr. Parran a question.

Senator McCARRAN. I am very much interested in this, and I hope our appropriation will be sufficient to carry out the program within the field just described by the Assistant Surgeon General.

QUESTION AS TO RESTORING ALL OF HOUSE REDUCTIONS

Senator DWORSHAK. Doctor, you listed in your statement a number of reductions made by the House of the various agencies under your supervision, amounting to about \$5,500,000, do you think that all of those should be restored in full?

Dr. PARRAN. In answer to Senator Dworshak's question, this budget was screened very carefully when it was submitted to the Congress, and I feel that we need and can use profitably all of the funds which were estimated. I will say that recognizing the over-all needs for economy, the House subcommittee and the House of Representatives itself, seemed to be sympathetic to the major work which we were doing and percentage-wise our cuts were not very great.

Senator DWORSHAK. \$119,426,300, which after taking into consideration the \$50,000,000 for your hospital program actually means that they give you more than the Budget requested because the Budget request was only \$167,000,000 and they actually gave you \$169,000,000; is that not correct?

NATIONAL CANCER INSTITUTE

INCREASE ALLOWED BY HOUSE

Dr. PARRAN. That is approximately correct, Senator. The only item of substantial increase, was \$6,000,000 for additional funds for cancer.

Senator DWORSHAK. Do you think you need that?

Dr. PARRAN. Definitely.

Senator DWORSHAK. Why was it not in the budget in the first place?

Dr. PARRAN. The budget as it comes to the Congress is that which is recommended by the President.

AMOUNT REQUESTED OF BUDGET BUREAU

Senator KNOWLAND. What did you request of the Budget Bureau?

Senator McCARRAN. That is just what I was going to ask?

Dr. PARRAN. Approximately \$38,000,000, and that included some funds for the construction of additional clinical research facilities at the National Institute of Health, namely, a cancer research hospital as a part of a general research hospital. It included also the purchase of land for that purpose. The budget omitted the item of construction of the additional Federal facilities but authorized a new item of \$2,600,000 for the purchase of land and operation of plans during this coming year.

So, in effect, the principal change in the bill which is before you and the original estimate submitted by the Public Health Service is that there are larger amounts in this bill for the giving of aid to outside research institutions, including authorization to give them funds to aid them in constructing additional facilities to house laboratories and clinical facilities to carry on cancer research.

REASON FOR REQUESTED INCREASE IN PERSONNEL

Senator DWORSHAK. Doctor, under those circumstances, where you are merely making allocations of funds to the States for various activities, I question why it was necessary to ask for increase of about 1,100 in the average number of employees for 1948 as compared with 1947. Can you not carry on this work without continually adding personnel?

Dr. PARRAN. I should like to be glad to speak on that with reference to Mr. Harlow.

Senator DWORSHAK. I would like it just briefly.

Mr. HARLOW. Dr. Parran's comments were addressed to the increases in the budget by the House which were principally for making grants to organizations outside the Public Health Service. There were in the budget substantial increases for the activities of the Public Health Service which need the increase in personnel and there are also three projects in the budget for 1948 which do not appear in 1947. These three are the result of legislation passed by the Seventy-ninth Congress.

Senator McCARRAN. What are they?

Mr. HARLOW. The Hospital Survey and Construction Act, the Federal Employee Health Service Act, and the National Mental Health Act.

Senator McCARRAN. I see.

ADDITIONAL EMPLOYEES ALLOWED BY HOUSE

Senator DWORSHAK. The House bill actually gives you 754 average employees for 1948 as compared with 1947, so they have been very liberal, apparently. You will agreed with that?

Mr. HARLOW. Seven hundred and fifty-four, Senator?

Senator DWORSHAK. Yes. The average number of employees in 1947 was 10,016 as provided in H. R. 2700, the average number would be 11,270 and that is a net increase of 754.

Mr. HARLOW. I thought you were speaking of the total.

Senator DWORSHAK. That is true, they have given you 754 employees additional?

Senator McCARRAN. An increase?

Senator DWORSHAK. Yes.

ADMINISTRATIVE OVERHEAD AS COMPARED TO GRANTS

Senator KNOWLAND. Then, on administering these grants amounting to about \$18,750,000, the administrative represents about \$2,221,000 or about 12 percent?

Dr. PARRAN. Mr. Chairman, I am afraid you have misinterpreted the figure. In the item which you interpret as "administrative overhead," there is included not only the cost of administration but the cost of field demonstrations, which is an activity that the Public Health Service has been carrying on for many years.

Senator KNOWLAND. Which is actually field work?

Dr. PARRAN. Yes.

Senator KNOWLAND. Can you tell us how that is broken down as between administration and field work?

Dr. PARRAN. I believe Mr. Harlow can cover that.

Mr. HARLOW. We could only do that by appropriation items, Mr. Chairman. We have never summarized it in total. We could go through the budget here with respect to each of these grant programs. For example, in the venereal-disease program the total budget for 1948 of \$16,883,000 and the amount estimated for direct administration was \$228,995.

Would you like me to go through the list?

Senator KNOWLAND. It would not be necessary for you to do it at this time, but if you could supply it for the record, we would like to have the figures for the administrative overhead as compared with actual field work.

Mr. HARLOW. We will be glad to do that.

(The information is as follows:)

Statement of administrative overhead included in 1948 grant appropriation estimates

Appropriation	Estimate	Administrative
Control of venereal diseases.....	\$16,883,000	\$228,995
Control of tuberculosis.....	8,430,000	268,925
Assistance to States, general.....	20,971,000	272,054
Hospital and construction activities.....	50,965,000	965,000
Mental health activities.....	5,108,000	282,750
National Institute of Health.....	9,126,000	518,449
National Cancer Institute.....	7,169,000	139,357
Training for nurses.....	4,834,000	380,792
Total.....	123,486,000	3,056,322

FUNDS PUT UP BY STATES

Senator DWORSHAK. Dr. Parran, I would like to know the developments involved in the matching of funds. Is the Federal Government taking on more than the States, or are the States recognizing their obligations? Are they responding readily and providing the funds which make it possible to expand these essential and vital programs under the supervision of your Department?

Dr. PARRAN. The States, Senator, have increased their funds budgeted for these several activities in the field of general health, tuberculosis, and venereal disease, at a much greater rate than the increased Federal funds.

In other words, the States, sir, are more than doing their part.

I believe that this program which was initiated in 1935-36 under the Social Security Act has served the purpose which it was hoped it would serve; that is, it has acted as a stimulus in drawing out more community and State appropriations for these purposes.

Senator DWORSHAK. The Public Health Service is placed in a position of providing professional assistance in stimulating along those lines and you feel the States are doing their share?

Dr. PARRAN. That is my definite feeling on that, sir.

Senator DWORSHAK. That is adequate.

Senator McCARRAN. Would this observation be out of line, Doctor; that the States are cooperating? There is a central point in each State but field work carried out by the Federal Government under these appropriations far exceeds the cooperations in the field that the States are giving, is that correct? Or is it exaggerated?

STATE HEALTH DEPARTMENTS

Dr. PARRAN. I think the latter, Senator McCarran. The situation is this: Where the States have been training competent health personnel, sometimes by giving them a full year's course, such personnel have then been appointed, for example, as directors of communicable disease prevention, and sanitation and public health, nursing and laboratories, and the States themselves have built up a strong structure in their State health department.

USE OF FEDERAL FUNDS IN STATES

Other parts of our grants are channeled by the States directly into the local communities and in the State our funds again are used, let me say, as an equalization fund. The rural areas receive a higher proportion and the poorer sections receive better treatment than do the larger communities.

STATUS OF HOSPITAL CONSTRUCTION PROGRAM

Senator DWORSHAK. Is your hospital construction program getting under way in good shape or is there any delay?

Dr. PARRAN. We have not found any "bugs" in that program as yet, Senator, but we may as the State plans come in. However, we have been extremely gratified at the wide community interest; interest is being shown all over the country.

I have several fears—trying to answer your question as completely and frankly as I can—and the first fear is that in the well-organized community with a hospital, the board of managers is likely to put on more pressure to get its project high on the priority list while the poorest community, which does not have as well organized community leadership and which has not had a hospital, may not be in the forefront clammering for funds.

STATES REQUIRED TO SET UP SYSTEM OF PRIORITIES

Senator DWORSHAK. The various States have the authority to make allocations within their own boundary, or does that responsibility come to your Bureau?

Dr. PARRAN. The former. The States are required under the law to set up a system of priorities.

Another fear that we have had is because of the huge backlog of construction in mental and tuberculosis hospitals that the States would be inclined to want an undue proportion for State projects for themselves, rather than to give preferential consideration to the poor community, lacking any facilities at all.

Senator DWORSHAK. You would have some control over that would you not?

Dr. PARRAN. The State itself really has the major authority in this field.

HOSPITAL FACILITIES FOR COMMUNITIES HAVING NONE

An attempt was made in drafting the law to circumscribe that authority so as to accomplish the objective of the act, which generally speaking seems to me to be to provide hospital facilities to communities which now do not have them.

Senator DWORSHAK. You will probably exhaust the \$75,000,000 authorization annually?

Dr. PARRAN. Without a doubt. The full amount that has been authorized, even if construction costs go down, I estimate, will enable the Federal Government to participate only in about 20 percent of the needed construction.

ALLOCATIONS TO STATES

Senator McCARRAN. What allocations, if any, have been made, Doctor?

Dr. PARRAN. The law which is very precise as to how the allocation should be made between the States. There is no discretion in my office, it is a matter of slide-rule calculation. We have made such allocations to the States and each State knows how much money will be available during the next 5 years if the Congress appropriates the full amount authorized under the act over that period.

Senator McCARRAN. I see.

DISTRIBUTION TO STATES FOR SURVEY AND PLANNING

Have you a tabulation showing that, that could go in the record?

Dr. PARRAN. We have that, Senator McCarran, in the House hearing. There appears on page 391 of the House hearings a table entitled, "Distribution of Funds for Grants to States for Survey and Planning and for Construction as Prescribed by Public Law 725."

The first part of those funds, namely, the total amount of \$3,000,000 authorized for survey and planning, have been allocated and most of those funds have been paid to the States for their survey and planning work.

Senator KNOWLAND. Have you any questions, Senator Young?

Senator YOUNG. No questions.

WORK IN PUBLIC RELATIONS

Senator KNOWLAND. One other question, Doctor. How large a public relations section is there in the Public Health Service?

Dr. PARRAN. We have no formally organized public relations section. In this field, Mr. Chairman, of health education, I think you can realize that we are confronted with a problem quite different from the average governmental agency, in that our primary objective is to educate the people on health. Our progress in health in the past decades has been made chiefly because of a better understanding of health and disease by the mass of the people and not primarily through imposing quarantine laws, although quarantine laws have their place too.

Our work in public relations is attached very closely to our operating programs of which health education is a part. It is primarily health education, assistance to the communities in organizing study groups, demonstrations in relation to one or another health problem; that is the major part of our work.

Senator KNOWLAND. It is a matter largely of getting out pamphlets and press releases on health matters?

Dr. PARRAN. Yes, sir; in part.

Senator KNOWLAND. Who on your staff handles that?

It is a question that we have asked the various Departments that have come up.

DIVISION OF PUBLIC HEALTH METHODS

Dr. PARRAN. This is administered under a division in the Office of the Surgeon General. The Division is called Public Health Methods. That Division combines responsibility for all of our publications, scientific or otherwise; for all news releases; for planning educational programs with community groups in the country. That Division also carries on all of our statistical functions except the vital statistics which recently was transferred.

The Division also carries out studies of new methods in health administration in an attempt to develop simpler and more effective techniques, and as they have success in these several fields then the Public Relations Section has the responsibility of interpreting those facts to the public.

PRESS RELEASES

Senator KNOWLAND. I wonder if you could have supplied to the committee the press releases of the Public Health Service for March?

Dr. PARRAN. We would be glad to do so, if we have had any.

(The releases requested were filed with the committee.)

SHORTAGE OF DOCTORS

Senator YOUNG. Have you not found, Dr. Parran, that these smaller towns are experiencing tremendous difficulty in getting doctors? I know that my observation in my own State has been that all of the better doctors in these smaller towns are moving to the larger centers, leaving many communities where the people have to go 30 and 40 miles to get a doctor.

Is there any way at all to alleviate that situation?

Dr. PARRAN. I wish, Senator, that I could find a way. Answering your question more fundamentally, the Nation is faced with a critical shortage of doctors, dentists, and nurses. That shortage is due to many factors, such as a greater buying power on the part of the people and a greater appreciation of medical care and a lack or failure to expand our production facilities to meet the needs.

The doctors and others in this field seem to gravitate where the best opportunity to make a living and where living conditions are more attractive.

Senator YOUNG. I have found that most doctors would prefer to go to larger cities at half the money.

Dr. PARRAN. That is often true.

I have often thought that there were two major obstacles to progress toward a higher standard of national health. One was the shortage of physical facilities that we have been discussing, the hospitals and health centers. We have a national program under the Hill-Burton Act, designed at least to meet in part that need.

The second is the shortage of personnel, and as a Nation we have not begun to think about how that problem is going to be met, although I think everybody agrees that the situation is critical.

Senator KNOWLAND. Thank you, gentlemen.

STATEMENT OF FRANK FREMONT-SMITH, M. D., VICE PRESIDENT OF THE NATIONAL COMMITTEE FOR MENTAL HYGIENE

MENTAL HEALTH ACTIVITIES

Senator KNOWLAND. Dr. Frank Fremont-Smith.

Dr. FREMONT-SMITH. I am here, sir, to substitute for Dr. Thomas Rennie of Cornell University, who unfortunately was detained and could not come.

I make this statement as vice president of the National Committee for Mental Hygiene.

MENTAL PATIENTS OCCUPYING HOSPITAL BEDS

In 1946, the average daily number of mental patients occupying hospital beds was 635,000, which represents over 55 percent of all hospital beds in the United States. This information is from the annual report of the Council on Medical Education and Hospitals of the American Medical Association published in the Journal of the American Medical Association for April 12, 1947.

SHORTAGE OF TRAINED PSYCHIATRIC PERSONNEL

There is a serious shortage throughout the country of psychiatric personnel in every category from physician to attendant, in State hospitals, in Veterans Administration hospitals, in mental hygiene clinics, in child guidance clinics and other social agencies. The lack of adequate prevention and treatment facilities results in admission to reform schools, jails, penitentiaries, and to mental hospitals, of many individuals who otherwise could become healthy and self-supporting citizens. The rising rate of juvenile delinquency is evidence

of the failure to provide mental hygiene guidance in the home and in the school. The "bottleneck" to adequate prevention and treatment for the great number of mentally and emotionally ill, or socially disturbed individuals, is the serious shortage of trained psychiatric personnel.

AMOUNT NEEDED FOR IMPLEMENTING TRAINING OF PSYCHIATRIC PERSONNEL

The full \$2,000,000 requested to implement the training of psychiatric personnel by the United States Public Health Service under the National Mental Health Act is urgently needed. Failure to provide these funds for training purposes will have a disastrous effect upon the mental health of our people and impose a future financial burden far in excess of the \$2,000,000 requested.

Our country is playing an increasingly dynamic role in the preservation and promotion of democratic principles throughout the world. The mental health, morale, and spiritual strength of our people may well have the determining role in the success or failure of our efforts. The mental health and emotional stability of our people is the cornerstone of our home front. If our growing children cannot achieve emotional maturity in our democracy at home, to what purpose do we defend democracy abroad?

The failure to restore the full budget for the training of psychiatric personnel under the National Mental Health Act would indeed be shortsighted both from the point of view of national health and national economy.

Senator KNOWLAND. Are there any questions? Thank you very much.

Mr. Harvey Willson, National Federation of Textiles.

DEPARTMENT OF LABOR

BUREAU OF LABOR STATISTICS

STATEMENT OF HARVEY WILLSON, NATIONAL FEDERATION OF TEXTILES, INC., NEW YORK, N. Y.

NATIONAL FEDERATION OF TEXTILES

Mr. WILLSON. Mr. Chairman and members of the committee, my name is Harvey Willson. I am here in behalf of the National Federation of Textiles, which is the one and only trade association in the field of synthetic fiber we have, and that is principally rayon, some nylon. There are a few people in that industry again weaving silk, but in the main it is a synthetic fiber weaving industry.

As associations go, it is very representative, its membership constituting or having better than 86 percent of the yardage production of those synthetic woven goods.

I want to say a word more on the industry because I find too often it is confused with the rayon yarn industry.

The industry represented by the federation are the mills who take yarn from the yarn producers, such as the American Viscose Corp., for example, and weave it into fabrics known as raw goods or gray goods.

That fabric is ordinarily then sold to an entirely separate industry known as the converting industry, which finishes it in various ways, prints it, or dyes it, or bleaches it, or what not, and prepares it in some manner for use as wearing apparel and for sale over the counter in retail stores as piece goods.

WAGE ANALYSIS BRANCH OF BUREAU OF LABOR STATISTICS

We are interested in the budget for the Wage Analysis Branch of the Bureau of Labor Statistics because it is that branch which collects and disseminates data on regional and local hourly wage rates and other related data affecting the income of the worker by regions and by local communities, ordinarily cities with more than a population of 100,000.

VALUE OF REGIONAL AND LOCAL WAGE DATA

If the budget of the Bureau of Labor Statistics should have to be so reduced as to make it no longer possible for that regional and local wage data to be issued, we would be very sorry to see it happen because, to put it simply, the industry, the people in the industry for which I am speaking, find that information very useful in their wage discussions with employees. They need it not only from the standpoint of textile wage data for regions and localities, but for wages generally because other industries are competitive for labor as we found much to our chagrin and embarrassment during the war.

Other industries are competitive with the textile industry for labor, of course, and when other industries can and do for reasons of higher margins or what not pay better wage rates, they wean labor away from the textile industry.

The preparation and the dissemination of that type of regional and localized data was a practice by the Wage Analysis Division of the Bureau of Labor Statistics during the war, I think largely through the stimulation of the War Labor Board, which found that more detailed information of that sort was absolutely essential to their disposing of individual wage controversies which came before them.

EFFECT OF HOUSE REDUCTION

To put it specifically, when a manufacturer in the Lowell-New Bedford area of Massachusetts, for example, has a wage problem, he needs local information as to what is going on there. We understand that if the budget were to be cut to the extent the House has already acted, roughly, 60 percent, it would mean that the Wage Analysis Division of the Bureau of Labor Statistics would have only about \$400,000 instead of \$1,200,000 with which to do this and the other work which they do. That would mean, in turn, that they would have to revert, I understand, to their prewar practice of issuing only every several years, at intervals of as much as 6 or 7 years, the most general kind of wage data on specific industries such as ours.

For example, on the rayon and silk-weaving industry, the only reports, and they were as I say on an average basis and very general and divided only as between North and South, nothing more regional or localized than that—the only reports were one issued covering 1933 and 1934 and another in 1940.

RAYON INDUSTRY

Senator McKELLAR. Is the rayon industry in good condition?

Mr. WILLSON. From what point of view?

Senator McKELLAR. From the point of view of making money, prosperous, doing well.

Mr. WILLSON. Reasonably well, yes; at the present time.

USE OF FUNDS BY ANALYSIS BRANCH

Senator McKELLAR. Why is this money necessary? What do they do with it?

Mr. WILLSON. It is to continue the work of collecting and issuing at frequent intervals, reasonably frequent intervals, the regional and local wage-hour data, which they have been doing during the war, and which our industry has found very useful in the case of individual mill negotiations with their employees.

Senator McKELLAR. How often did they issue it during the war?

Mr. WILSON. Covering the respective areas, I would say it was issued on an average of at least once a year.

Senator McKELLAR. Once a year.

Mr. WILLSON. The Bureau could tell you better than I on that. I do not have a complete file here. I have a few representative copies.

Senator McCARRAN. You have nothing to do with the issuing of it. You are in the industry.

Mr. WILLSON. That is right.

Senator KNOWLAND. On the receiving end of it.

Mr. WILLSON. That is right.

If a mill in the Lowell-New Bedford area, which is virtually a single locality from a wage point of view, needed information about prevailing wages, it would mean nothing whatever to hand him a report that was 2 or 3 or 4 years old and was broken down only as between the North and South, which is the type of stuff which was only available until the Bureau got into the more detailed type of work during the war, as I say largely at the instigation of the War Labor Board.

Senator McKELLAR. How much was appropriated before the war for this group?

Mr. WILLSON. I would much rather have this information come from the Bureau of Labor Statistics, but I did have some notes on it. The 1947 appropriation for the Bureau as a whole, not the Wage Analysis Branch alone, which is the one that issues the particular information in which we are interested, was 5½ million dollars.

Senator McKELLAR. How much was it in 1939?

Mr. WILLSON. I do not have that information. I am sorry to say I do not have that information, Senator.

GROWTH OF SYNTHETIC FIBER WEAVING INDUSTRY

Senator McCARRAN. As to the growth your industry has taken on due to the war or by reason of the war, is it quite likely from your study of it to date that that growth will be maintained?

Mr. WILLSON. There really has not been any such growth as your question implies, Senator. There was not the opportunity, for

example, to increase machinery, weaving machinery, and other related machinery. There was a step-up in production largely through pressure being put on, but the industry has not expanded as many industries have during the war.

PRODUCTION DURING WAR

Senator McCARRAN. During the war, were you not called upon to produce greater quantities?

Mr. WILLSON. Oh, yes; we were under great pressure from the Army and the Navy to produce military fabrics in rayon and nylon, particularly the parachutes of all types.

Senator McCARRAN. Now, will that be taken up by private demand?

UTILIZATION OF EXISTING PRODUCTION CAPACITY

Mr. WILLSON. Will the existing production capacity be taken up?

Senator McCARRAN. Yes.

Mr. WILLSON. Yes; because there is a great unfilled demand for textiles of all kinds.

Senator McCARRAN. That is going to entail the employment of a greater number.

Mr. WILLSON. If we can get them back into our industry, that is right.

NEED FOR INFORMATION OBTAINED FROM BUREAU OF LABOR STATISTICS

Senator McCARRAN. That being true, the demand for such statistics as are put out by the Bureau is there and they are quite essential.

Mr. WILLSON. Becomes all the more important. In that same connection, the nature of the legislation now being advanced in both the House and the Senate is such as to make mediation and arbitration more of a factor than it has ever been before, and that in turn will call for factual information of this sort.

I filed with the clerk of the committee on Saturday a brief, simple statement on this thing. There are sufficient copies for the subcommittee. So I will not read it.

I have just touched on the high spots. There is one thing further, and I will anticipate a question, perhaps, that may be in someone's mind.

That is, the trade-unions go to considerable expense and trouble to maintain statistical organizations. They do in textiles, at least. There may be in someone's mind the question, Why cannot that information be relied on and produced in the needed time? The answer is simply this: That nothing under the sun takes the place of official governmental data from the standpoint of engendering confidence and from the standpoint of that little psychological effect that is so important in a controversy.

Senator McCARRAN. First, of all, it is supposed to be impartial; secondly, it is supposed to come from the highest authority and supposed to have the greater spread in the way of coverage in getting the information.

Mr. WILLSON. That is right. The employers would be reluctant to take union data, and the unions would be skeptical about trade association or management figures.

So we feel that the only answer is official Government data of the sort we have been getting and have been using.

PRIOR APPROPRIATIONS

Senator McKELLAR. In 1938 they had an appropriation of \$784,000; in 1939, \$814,000; in 1940, \$1,012,500; in 1941, \$962,580, with two supplementals, one at 75 and the other at 70; in 1942, \$1,080,590; in 1943, \$1,009,803, and there was an overtime addition of \$107,400 that year; in 1944, \$1,100,000, with overtime again of \$212,300; in 1945, \$1,312,300; in 1946, \$1,104,500, and a deficiency of \$172,760 and then an increase in pay of \$215,100; in 1947, \$4,932,790; and this year they are asking for \$6,700,700. The House gave them \$2,373,400.

With the exception of 1947, they have about doubled what they had for any other year since 1939. Why is not that enough?

Mr. WILLSON. Because of the work that is being done. These are, I assure, the Bureau's figures, rather than the figures of the Wage Analysis Division of the Bureau.

Senator KNOWLAND. These figures are for the over-all Bureau of Labor Statistics.

Mr. WILLSON. Yes. Again the Bureau can answer this question better than I, but my general observation and knowledge of the situation would lead me to say it is simply because they are doing a far better job.

For example, the gathering of regional and local information on hourly wage rates and related things, such as whether lunch time is paid for and other offside factors, that nevertheless have a bearing on the workers' total income—the gathering of that kind of information on a regional and local basis is far more expensive than doing it on a national or even a North and South basis.

Senator McKELLAR. Are you one of the producers of this material?

PURPOSE OF TRADE ASSOCIATION

Mr. WILLSON. No; I represent the trade association in the field.

Senator McKELLAR. The trade association. What does that do? What is the purpose of that?

Mr. WILLSON. Its purpose is that of any good trade association, and that is to do everything constructive to aid the welfare and bring benefit to the industry through internal improvements, through collaboration with the appropriate governmental departments, through the gathering of production and sales statistics which permit more enlightened operation of the industry. I do not think, Senator McKellar, I have to tell you what an average good trade association does.

Senator McKELLAR. I know a little about it myself. When you told me there a while ago it had not been increased in the last few years, you perfectly astounded me. I am surprised at that. I happen to live in Tennessee where we have increased our rayon business down there enormously, and we have increased it in Virginia. I think you have increased it in your part of the country, too, very much. It is generally in a very excellent condition.

Your trouble, if you are interested in industry, is what the Economic Council is going to do in Switzerland within the next few days, whether they are going to reduce the taxes or not.

Mr. WILLSON. That has a bearing on the welfare of the industry, of course.

Senator McKELLAR. If they reduce it 50 percent, it will put you in a remarkable condition, and it seems to me that it would be very much more important for you to be looking at that rather than the increase in the output of the Government in this situation.

Mr. WILLSON. We have done our utmost in that direction also. We have already done that, Senator McKellar.

REDUCTION IN FEDERAL EXPENDITURES

Senator KNOWLAND. You do have an academic interest, at least, I assume, in a balanced Federal budget and perhaps some reduction in the Federal public debt and perhaps, at the proper time when we can do it, some tax reductions.

Mr. WILLSON. That is right, naturally.

Senator KNOWLAND. Of course, unless we at least in some of the agencies get down to a point where we are out of the high expenditures during wartime, we are not going to be able to do any one of those three things.

Mr. WILLSON. We are naturally interested in all of those generally desirable objectives that you have mentioned, but we feel of course it is a matter of selectivity and keen judgment as to what can be done away with and what cannot be done away with.

Senator KNOWLAND. The only problem we have sitting here on the Appropriations Committee is that each agency of the Government, and I have found this not only on this committee, but also on the committee on the Treasury and Post Office Department appropriations, that each bureau or department can come in and make a very fine prima facie case as to why their agency should not be the one to be cut.

Mr. WILLSON. Here you have a little different situation. I am not an agency man making an argument for this thing. I am speaking in behalf of the industry which has found the thing to be of practical usefulness, which too often is not the case with work that the Government does.

Senator KNOWLAND. But you are a representative of this great body of American taxpayers, who are also urging Congress to provide for budget reductions and tax reductions.

Mr. WILLSON. That is true.

Senator McKELLAR. What was done with the big appropriation last year of \$5,412,000? That is the only time you have ever had more than a million plus, except one year. You had two million plus one year, 1946. But in 1947, they doubled that. They got just twice as much as they did in 1946. What was done with the 1947 money?

Mr. WILLSON. Senator McKellar, I cannot speak for the Bureau on its over-all program.

Senator McKELLAR. What has it done to the industry, when Congress doubled the amount last year? I want to say to you I am tremendously interested in that industry because it has made a wonderful showing in my State, and I am very proud of it. I am glad they are doing well, and I am glad they are prosperous. But last year

the Bureau got twice as much as it did the year before. What good was accomplished by the doubling of the appropriation?

Mr. WILLSON. I can only answer that by saying that only part of the appropriation is spent on the Wage Analysis Branch which produces the information in which we are interested. What was done with the rest of it, I do not know. That is something that you might more naturally get from a representative of the Bureau.

PRODUCTION OF RAYON TEXTILES

On this point you raised a moment ago about rayon production having increased extensively in the South, my statement naturally was with respect to the over-all situation. It will show that there was no such expansion in rayon textiles, in the production of rayon textiles as you might have found in machine tools or aviation parts or many other items in the materials of war.

It is true, however, and you are quite correct in saying that in certain areas rayon production did step up tremendously at the expense of cotton production, cotton-fabric production, because people and mills were turning to rayon instead of cotton for the production of tire cord, for example.

Senator YOUNG. I would like to make an observation here. Mr. Chairman, is it not true all the witnesses are asking to have reinstated all of the House cut in the Department of Labor?

Senator KNOWLAND. I think that is an accurate statement.

Senator YOUNG. That is contrary to the testimony before the Deficiency Appropriations Subcommittee, on which I have been sitting. There, almost every agency, the Navy, Army, Agriculture Department, and practically all of them, come in and say, "If you give us so much, we will try to get along with it."

Here in this Department they want everything reinstated. I think that is an unreasonable position for them to be in. Every Department can justify their appropriation and put up a swell argument, but you have to cut some place.

Senator KNOWLAND. Thank you, sir.

Mr. WILLSON. All right, sir. Thank you.

Senator KNOWLAND. The next is the Children's Bureau, Social Security Administration.

CHILDREN'S BUREAU

STATEMENTS OF KATHARINE F. LENROOT, CHIEF, CHILDREN'S BUREAU; DR. MARTHA M. ELIOT, ASSOCIATE CHIEF, CHILDREN'S BUREAU; LAURA E. WARREN, ADMINISTRATIVE OFFICER, CHILDREN'S BUREAU; W. L. MITCHELL, ACTING COMMISSIONER OF SOCIAL SECURITY; AND M. A. STEPHENS, BUDGET OFFICER, FEDERAL SECURITY AGENCY

SALARIES AND EXPENSES

STANDARD CLASSIFICATION SCHEDULE

(The classification schedule is as follows:)

Salaries and expenses, Children's Bureau

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 estimate compared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
01 Personal services:					
Departmental.....	\$386, 463	\$445, 262	\$354, 591	+\$58, 799	-\$90, 671
Field.....	34, 012	52, 978	34, 909	+18, 966	-18, 069
03 Transportation of things.....	400	400	400		
04 Communications service.....	1, 300	1, 400	1, 300	+100	-100
05 Rents and utility services.....	5, 192	5, 192	5, 192		
07 Other contractual services.....	900	900	900		
08 Supplies and materials.....	2, 200	2, 465	2, 200	+265	-265
09 Equipment.....	508	1, 803	508	+1, 295	-1, 295
Grand total obligations.....	430, 975	510, 400	400, 000	+79, 425	-110, 400
Received by transfer from "Salaries and expenses, Children's Bureau, Department of Labor".....	-395, 159			+395, 159	
Excess of obligations over appropria- tion due to Public Law 390.....	-35, 816			+35, 816	
Total appropriation or estimate.....		510, 400	400, 000	+510, 400	-110, 400

INCREASES REQUESTED

Miss LENROOT. Mr. Chairman and members of the committee, my name is Katharine F. Lenroot, Chief, Children's Bureau.

The Children's Bureau is asking for the restoration of \$110,400 for "Salaries and expenses, Children's Bureau," and \$316,500 for "Salaries and expenses, Maternal and Child Welfare, Social Security Act," eliminated by the House Committee on Appropriations.

It requests increases in the amounts approved by the House because without them its work in behalf of the children of the country will be seriously curtailed below the amount authorized for the current fiscal year, in the face of increasing opportunities and demands for services necessary for the health and welfare of the children of the Nation.

SALARIES AND EXPENSES

AMOUNT OF ESTIMATE

The President's budget requested a total of \$510,400 under the heading "Salaries and expenses, Children's Bureau," and the Bureau is asking that this amount be restored to the bill.

As stated in the report of the House Committee on Appropriations, the increase recommended was largely for the purpose of expanding or strengthening certain specific lines of research and for recapturing Pay Act costs absorbed, in part, in 1947, at the expense of lapses in various positions.

APPROPRIATION IN 1939

Senator McKELLAR. How much did you receive in 1939?

Miss LENROOT. For 1939, we received \$363,500 for this purpose.

AMOUNT OF INCREASE REQUESTED

I would call attention of the committee to the fact that the amount requested for restoration of \$47,104 for continuing activities at the present level and \$63,296 for new items of increase would not place the resources available to the Children's Bureau at any substantially higher level than we have had for the past 10 or 12 years if salary increases are taken into consideration.

During the war, our appropriations for research activities were decreased in the light of the war emergency. While last year Congress made a very slight increase for research purposes, it still put us in a position below that of the prewar period.

PRESENT NUMBER OF EMPLOYEES

Senator KNOWLAND. What are the number of employees you have in the Children's Bureau?

Miss LENROOT. We have today authorized in the Children's Bureau 113 on this appropriation and 226 on the other salaries and expenses appropriation. We have two appropriations, "Maternal and child welfare" for administering grants to States and the "Research and reporting" appropriation for work under the 1912 act.

NUMBER OF EMPLOYEES IN 1939 AND 1940

Senator KNOWLAND. Could you give us comparable figures for 1939 and 1940?

Miss LENROOT. I do not know whether we have the figures here.

Senator KNOWLAND. If you do not have them readily available, you can put them in the record.

Miss LENROOT. Yes, sir. Of course, there has been an increase, as I have pointed out, in the salaries and increases for Maternal and Child Welfare; before this appropriation I do not think they would be very much in excess of what they were then.

(The figures are as follows:)

Salaries and expenses, Children's Bureau: 1939 and 1940, 143 positions. Salaries and expenses, Maternal and Child Welfare: 1939, 111 positions; 1940, 120 positions.

SALARIES AND EXPENSES

HOUSE ACTION

Miss LENROOT. The House Committee in recommending \$400,000 stated that it desired to provide for the work at about the 1947 level, but believed that the existence of two administrative expense appropriations left the way open for some duplication of expenditure and though the appropriation could be trimmed by \$30,959 below the present level, which if you take into consideration the full effect of the pay increases would be \$47,104 below the present level.

I can assure the committee there is no duplication between these two salaries and expense items, that we plan our program as a whole. We review it very carefully. We have to figure out every year what we think is really needed to meet the demands for service and the program is developed as a whole.

So there is no duplication whatever.

PURPOSE OF INCREASE REQUESTED

As I have said, the amount requested for restoration is for \$47,104, to provide for continuing the research functions at the present level, and \$63,296 for new items of increase. The research, reporting, and fact-finding activities include the preparation and revision of the Bureau's popular bulletins, such as those on infant care and prenatal care.

The Bureau has to keep those currently up to date. Comparison, for example, of the editions published in 1920 and the editions published today would indicate great differences in the advice given.

The staff on the Bureau pay roll prepares these revisions or new bulletins.

We are working on one now for the child of school age, and that will be reviewed by advisory committees of experts in the country. The staff is also used for these other activities to which I referred a moment ago.

EFFECT OF HOUSE ACTION

The following activities would have to be omitted or partially curtailed if there is no restoration in the amount cut by the House: There would be 14 less positions that could be provided for in 1948 than in 1947.

PROFESSIONAL PERSONNEL OF DIVISION OF RESEARCH IN CHILD DEVELOPMENT

In the Division of Research in Child Development, which is a division conducting all of the research that is done in the fields of maternal and child health, there is now a small group of 10 professional people for all of the work of the division which covers such subjects as the care of the newborn, standards for maternity and pediatric units in hospitals, dental health, and a wide variety of related problems.

NEED FOR OBSTETRICIAN ON STAFF

We need an obstetrician on the staff of the Children's Bureau. We have no obstetrician at present on the staff to assist in the preparation of these popular bulletins in relation to maternity care and to work in developing standards of medical and hospital care for maternity patients.

NEED FOR A PEDIATRICIAN

We need a pediatrician specializing in school health services. The school-age child is really the most neglected of all age groups at the present time in relation to health protection.

NEED TO DEVELOP STANDARDS OF HEALTH AND MEDICAL SERVICES

There is need for development of standards of health and medical services.

We need to prepare written material and to find out what is being done for this important group.

EXTENT TO WHICH WORK IS CARRIED ON LOCALLY

Senator McCARRAN. Is not much of this work being done locally?

Miss LENROOT. Of course, the school health services are carried on locally, but at a level that varies very greatly as to standards and efficiency. What you need is some central leadership and improvement to make information available.

Senator McCARRAN. Do not the States carry that out from a central point?

Miss LENROOT. The States' programs for school health in the Maternal and Child Health Divisions are paid for in part by grants from the Children's Bureau. However, take this whole question of the use of specialists—I want to mention a third item, a specialist on cerebral palsy. It is impossible for the 53 States and Territories with which we cooperate each to have a specialist in all of these fields, that is, a top-ranking specialist. There are not enough to go around, in the first place. It would be uneconomical to use them in this way, in the second place.

They look to the Children's Bureau for having one person, a specialist in each of these fields, to get together material and make information available through advisory and consultant service and through publications to all the States so they can benefit from it.

COORDINATION OF WORK WITH PUBLIC HEALTH SERVICE

Senator KNOWLAND. Would it be feasible to coordinate that phase of the work with the Public Health Service?

Miss LENROOT. Mr. Chairman, we are working very closely with the Public Health Service. We have frequent joint staff meetings to plan programs. We plan our work in the field in cooperation with them. But, of course, we are primarily responsible for general information and specialized advisory service in the field of maternal and child health.

This work has really to be related to the operation of the maternal and child health grant-in-aid program the administration of which is a responsibility of the Children's Bureau.

EFFECT OF HOUSE CUT ON DIVISION OF RESEARCH AND CHILD DEVELOPMENT

Those three positions were authorized for this year. We got a slight increase over last year for a few professional positions of this kind. We had a specialist in cerebral palsy ready to put on the roll after months of search. It is a difficult field, and there is a great shortage of personnel. We had an expert ready to put on when the House cut came, and we could not put him on until we saw what would be the final outcome of the appropriation.

The same is true with reference to obstetrics and school health.

Those would represent the three positions that would have to be eliminated if this cut prevails in the Division of Research and Child Development.

SOCIAL SERVICE DIVISION

In the Social Service Division, which is dealing with problems of juvenile delinquency, a problem, of course, which is acute in this

country, juvenile courts and training schools for delinquent children, we ought to have at least three persons developing standards and giving consultation service. We really need much more than that.

The Attorney General called a conference on prevention and control of juvenile delinquency last fall, which outlined a very broad attack on the problem and that attack cannot be carried out unless there is some leadership and central service available in the Federal Government.

EFFECT OF HOUSE REDUCTION

But we had planned to have three persons in this field this year which would have to be eliminated or at least the work seriously curtailed if this cut prevails.

There are only four or five specialists in the Social Service Division of the Children's Bureau in the field of adoption, guardianship, unmarried mothers and their children, and group work and recreation.

They are dealing with these problems of the black market in babies, standards of adoption, standards of child care and so forth.

WORK ON CHILD WELFARE LEGISLATION

Then we would have to curtail a very small service in the Social Service Division in relation to child-welfare legislation. For example, take the field of adoption.

We develop standards of adoption laws which are widely used throughout the country. We need to develop standards for laws relating to the licensing and supervision of child-caring agencies and for guardianship laws, and we would have to practically eliminate service of this kind if the cut prevails.

I happened to receive just yesterday a letter from the chief of the division of child welfare of the State Department of Public Assistance of West Virginia commenting on some service that has been given by our staff to West Virginia.

His comments relate to advice in relation to child-welfare legislation.

Mrs. Lyman was the specialist in this field. She recently resigned and we hope to fill her position promptly.

He says:

I must mention the contribution made to our program by Mrs. Lyman. The day she spent with us extended itself into many days, since the material she helped us prepare was the basis upon which we presented our plan to the legislature, and because of its clearness and effectiveness the reaction to our suggestions was favorable.

He also comments on the work of two other members of the Bureau's staff who assisted in an institute for training members of the staff.

He says:

It meant much to our workers while they were in attendance, and their reaction in the field is indicative of the many benefits which they have received.

We want you to know these things about those who come into our State because we know it gives you great joy when your staff performs so outstandingly.

PHYSICIANS FOR WORK IN FIELD OF NUTRITION

The increase of \$63,296 on new items under this appropriation would have provided for a physician responsible for research con-

cerned primarily with nutrition so as to bring our material and our popular bulletins on nutrition up to date, and to respond to requests for advice in this field.

STUDY OF DIET IN PREGNANCY

Then the Bureau of the Budget had approved \$25,838 for a study of diet in pregnancy. I was in one State the other day where the Director of the Division of Maternal and Child Health told me about the large number of cases of toxemia in pregnancy and a good many malformations in new-born babies, which she thought were probably closely related to serious nutritional deficiency, and other very brief exploratory studies have shown that there are nutritional deficiencies of a serious kind in areas where there is a high toxemia rate.

We felt a study of this kind would yield very great results in trying to reduce further the deaths from causes associated with childbirth.

STUDY IN FIELD OF JUVENILE DELINQUENCY

Then the Bureau of the Budget had approved \$15,580 for expanding a study in the field of juvenile delinquency. I have already mentioned its importance.

Then there were small amounts for statistical tabulation, assistance in reporting activities and within-grade promotions.

TOTAL ESTIMATE FOR NEW ACTIVITIES

Those items make up the total \$63,296 which was allowed by the Budget for new activities.

MAIN RESPONSIBILITY SHOULD BE CARRIED BY STATES AND LOCALITIES

I mentioned the help given in child-welfare legislation to the States. I am one of those who believes very strongly that the State and the local communities must carry a very considerable and major part of the work that is done for children in this country.

It is the States that have the basic legal responsibilities for children, and the role of the Federal Government is to give the information, develop standards and give financial aid in certain areas.

In order to help the States to carry out their responsibilities more effectively, about half of the States have established State committees of one kind or another, committees to review what is being done both in legislation and in administration and to see what can be done for the children. These committees bring together the heads of official departments of government and voluntary agencies.

We have only one person available for part-time service in trying to keep in touch with these committees, get material to them and exchange information with them and so forth.

That would complete my statement about the Salaries and Expenses appropriation of the Children's Bureau.

MATERNAL AND CHILD WELFARE, SALARIES AND EXPENSES

STANDARD CLASSIFICATION SCHEDULE

(The standard classification schedule is as follows:)

Salaries and expenses, maternal and child welfare, Social Security Act, Children's Bureau

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 estimate compared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
01 Personal services:					
Departmental.....	\$543,729	\$739,021	\$461,674	+\$195,292	-\$277,347
Field.....	230,985	252,936	213,783	+21,951	-39,153
03 Transportation of things.....	600	600	600		
04 Communication services.....	8,888	8,900	8,900	+12	
05 Rents and utility services.....	11,912	11,912	11,912		
07 Other contractual services.....	50	50	50		
08 Supplies and materials.....	2,018	2,051	2,051	+33	
09 Equipment.....	8,660	1,030	1,030	-7,630	
Grand total obligations	806,842	1,016,500	700,000	+209,658	-316,500
Transferred to:					
"Traveling expenses, Federal Se- curity Agency".....	+38,400			-38,400	
"Salaries, Office of the General Counsel, Federal Security Agency".....	+4,110			-4,110	
Received by transfer from: "Salaries and expenses, maternal and child welfare, Children's Bureau, Depart- ment of Labor".....	-477,535			+477,535	
Unobligated balance, estimated sav- ings.....	+53,183			-53,183	
Total appropriation or estimate..	425,000	1,016,500	700,000	+391,500	-316,500

AMOUNT OF INCREASE REQUESTED

Miss LENROOT. I would like to discuss the appropriation for salaries and expenses, maternal and child welfare, Social Security Act.

This item we are asking for is an increase of \$316,500 over the amount approved by the House for administration of title V of the Social Security Act.

Of this amount, \$222,271 is to provide for continuing activities at the 1947 level, and \$94,229 for new items of increase.

PURPOSE OF PROGRAM

The effort leading up to this work under the Social Security Act included the studies of the Children's Bureau and the work of the outside agencies and the realization of the people that it was necessary to do much more on a national basis to prevent maternal and infant mortality and promote the health and welfare of children.

Title V of the Social Security Act provided for grants-in-aid through the Children's Bureau for maternal and child health.

In the discussions of the act when it was pending in Congress in 1935, these provisions and the provisions for aid to dependent children were sometimes referred to as the "core" of social security because of the importance of children in this program.

There have been great gains made in the 12 years since the act was passed. When the act was passed, our maternal mortality rate was a disgrace. It was exceeded only by one or two countries, backward countries.

REDUCTION IN MATERNAL MORTALITY

Since then maternal mortality has been reduced three-fifths, so that we have now a rate which we need not be ashamed of in comparison with what other countries have been able to achieve.

REDUCTION IN INFANT MORTALITY

Our infant mortality has been cut one-third in the past decade, but the progress is uneven. That is, our averages and the rates in some States are very much higher than the rates in other States.

We estimate that if the rates in the lowest States prevailed throughout the country, we could save the lives of at least 3,000 mothers and 30,000 babies each year by methods that are well known. It is just a matter of seeing that services are available and trying to develop the newer methods for the care, for instance, of premature babies, where there is a very high death rate and will be unless special methods of care are developed.

For example, there is the question of provision of incubators for care of premature infants and such methods of hospital care and new methods of care for babies born under difficult conditions, like the blue babies we read so much about.

WORK IN FIELD OF CRIPPLED CHILDREN

Then there is the field of crippled children, where we have been giving aid to the States through grants in the amount of \$3,870,000, before the amendments of last summer.

We have been able to do a good deal for children with orthopedic difficulties, for certain children needing plastic operations. We were making a very small beginning with reference to children with rheumatic heart disease, which accounts for more deaths than accidents in the school-age group. With only a million and a half for grants to States we were developing with the States public-welfare services for the protection and care of homeless, dependent, and neglected children and children in danger of becoming delinquent.

Last year, there was pending in Congress legislation providing much more extensive programs. It was felt by various groups and by Members of Congress that experience of 11 years with very small amounts of money had shown the way by which with an expanded program of Federal grants to the States we could see that services were available everywhere in the country instead of only in part of the country, and that types of children not covered by the programs would be reached. There were special bills providing for such comprehensive programs.

After considering the need for these programs, the Congress, particularly the Senate Committee on Education and Labor and the Finance Committee, felt they were not ready to go forward at that time with the very extensive programs contemplated, but that they must do something immediately to increase the amount of services coming from the Federal Government to the States.

INCREASE IN AMOUNT FOR GRANTS

So they practically doubled the grants available for these services from \$11,200,000 for the three types of service to \$22,000,000.

AMOUNT FOR ADMINISTRATION OF GRANTS

In connection with this legislative history—these amendments were made last August—there was a review of what the Children's Bureau needed for administration of these grants. We would have had this year, if these amendments had not been made, about \$477,000 for administration of the three types of grants.

When the Senate provided for tripling the grants and in conference it was cut to twice the amount, it was recognized that the Children's Bureau would need additional money to give leadership in extending the programs to give leadership in extending the programs to new types of activities and so forth.

REDUCTION BY HOUSE IN SALARIES AND EXPENSES

So the Congress appropriated \$425,000 in addition to the \$477,000 that we had before. If we take into consideration the pay increases and the full provision for pay increases, the level authorized for this year was \$922,271.

BASIS OF HOUSE ACTION

The House cut the amount to \$700,000, and in making this cut they referred in the report of the House committee to three reasons why they felt it should be made.

One was that the action taken by the Congress last year was a hurried action without an opportunity for detailed consideration.

The second was that the emergency maternity and infant-care program, which is administered by the same division which administers the other two health-grants programs I have been talking about, and which at its peak amounted to over \$40,000,000 a year, was being liquidated beginning July 1, so that we would have only \$3,000,000 to spend instead of over \$40,000,000 at the peak.

The third was that we had recently been transferred to the Federal Security Agency, and it was hoped there would be some saving connected with the transfer.

I would like to speak to those three arguments.

REASON PROGRAM SHOULD BE MAINTAINED AT PRESENT LEVEL

In the first place, I believe that the action of the Congress last year in providing \$425,000 additional was fully justified, and I will discuss in a moment the use we have made of that money and the reasons why

I think it is essential to maintain the program at the present level, at least, with some items of increase, which I shall discuss later.

EMERGENCY MATERNITY AND INFANT-CARE PROGRAM

With reference to the emergency maternity and infant-care program, there was never any appropriation made to the Children's Bureau for administration of that program except for about \$38,000 which was used chiefly for adding a few auditors to our staff.

We administered that very large program simply by curtailing other activities. We felt it was an emergency measure, that this service needed to be given to the wives and infants of the men in the four lowest pay grades of the armed forces.

Both the States and the Children's Bureau now are in a position to go forward and develop information and service relating, for example, to more adequate care for the newborn, to the care of additional types of crippled children, like spastic children, that is, those children with inadequate muscular coordination, areas of service in which there is very little being done. In this group there are at least as many children as those suffering from polio, probably more.

That is the kind of care that is very scarce, and needs to be developed with the close cooperation of the education, health, and welfare facilities of the States.

I do not regard the fact that the emergency maternity and infant-care program will be in liquidation next year as a reason for curtailing our appropriation.

EFFECT OF TRANSFER TO FEDERAL SECURITY AGENCY

With reference to the fact that the Children's Bureau has now become a part of the Social Security Administration of the Federal Security Agency, we have worked out ways by which our service and the service of the other units of the Agency will be more effective.

Our regional staffs have become a part of the regional staffs of the Social Security Administration. Our office has now been moved so that we are in the same building with the other units of the Federal Security Agency. So, we have more effective cooperation and more effective service.

But our programs are highly specialized programs. They are quite dissimilar to the programs of administration and public assistance grants, for example. I do not think it is possible to make any substantial savings because we are now in the same unit with Public Assistance, for example, when formerly we were in the Department of Labor.

USE MADE OF INCREASE ALLOWED LAST YEAR

With this new money—the increase of \$425,000 for administration and the doubling of the grants to States last summer—what did we do? First of all, we called in various technical groups and State administrators and directors to consider how the additional funds could be best used and what standards should be developed for their administration. For example, we had representatives of medical and nursing care, specialists in rheumatic fever, specialists in physical therapy and other subjects, and suggestions were developed which we in turn passed on to the States.

Then we encouraged States to use some of the additional funds to care for additional types of children who are eligible for service within the program but for whom care has not been available because of lack of funds.

In the social-service field we had regional conferences with State child-welfare departments, planned for the use of some of the additional funds for a broader attack on juvenile delinquency, for the use of some of the money for subsidized boarding homes so that children could be gotten out of jails, and for special services for unmarried mothers and their children for which there is great need.

ADMINISTRATION OF GRANTS

The administration of these grants involves imagination and vision and the experience of the most skilled experts for transmission to the States. It is not just a matter of allocating funds and auditing accounts.

In certain fields, such as the care of the spastic children, there must be a fusion of the experience and skills of health, education, and welfare.

Professional leadership is limited and concentrated largely in urban centers, and it would be impossible for each State to have a specialist in the care of spastic children and other special types working in this way. There would be a great waste of money in the administration of grants if help is not forthcoming in the development of their program.

EXTENT OF HOUSE REDUCTION

The House cut would represent really a cut of about 52 percent under the amount of increase allowed last summer. The Bureau's activities will be seriously curtailed. The Division of Health Services is responsible for administering both the maternal and child health and crippled children's programs, amounting to 18½ million a year.

The total amount requested is less than 5 percent of the total grants authorized.

DIVISION OF HEALTH SERVICES

The Division of Health Services has a small headquarters staff for planning and reviewing all State plans and has specialized services in a few fields, such as physical therapy and physical medicine, cerebral palsy and orthopedic and dental consultants.

It has eight regional offices, each staffed with a medical consultant, and a nursing consultant. In some of the regions, there is provision for a nutrition consultant and one other professional person in the general field of administration.

EFFECT OF HOUSE REDUCTION ON REGIONAL SERVICES

These regional services will have to be curtailed and most, if not all, of the specialized services dispensed with if the House figure prevails.

We shall have to reduce the present staff by at least 8 and probably more when we review the whole program, and for the present we have frozen the 19 vacancies which include very essential, key positions.

SOCIAL SERVICE DIVISION

In the Social Service Division there is a small central office staff for planning and supervisory work; and our plan of administration provides for a few specialists in juvenile courts, training schools, foster care, institutional care, and day care of children whose mothers are employed, and staff development, and the regional consultants.

We have one child welfare consultant in each of the social-security regions responsible for working with the State welfare departments in all of these fields.

EFFECT OF HOUSE REDUCTION ON SOCIAL SERVICE DIVISION

If the proposed budget cuts are carried out, it will be necessary to curtail services to juvenile courts, training schools and other agencies dealing with delinquent children, at a time when problems involving delinquent children have reached a point where the States are very anxious to do something about it.

We would have to curtail service in the field of foster care, and there is a great need for such service, at a time when it is difficult to find foster homes and to provide adequate care for children. There would have to be curtailment of services for staff development, when agencies and institutions are suffering from lack of qualified personnel and States are asking for help in methods of recruitment and training on the job.

Senator KNOWLAND. I might just interrupt you for a moment. I understood you had other commitments, and that you would not be able to be here this afternoon. We were just planning on finishing Miss Lenroot's statement, Senator Dworshak, and then we will go on with the balance of the hearing this afternoon at 2:30.

Miss LENROOT. Thank you very much, Mr. Chairman. I will be through in another couple of minutes with my statement. I appreciate your consideration.

That represents the losses under our present program if the House cuts prevail.

NEW ITEMS REQUESTED

In other words, we had asked for new items including a study of the operation of the health programs and the child welfare programs under grants-in-aid. In the 12 years we have had these grants, we have never had money for administrative reviews of the general administration apart from the consultant work given by regional consultants. Experience in other grant-in-aid programs indicates that such reviews are very necessary to make sure that the most effective methods are used and to be able to give suggestions to the States as to how their services can be more efficient.

The new items include small amounts for statistics and within-grade promotions also.

To summarize, then, we are asking for restoration of the program authorized for this year, with some items of increase as I have indicated. There was more complete material afforded the committee with reference to these new items.

Senator KNOWLAND. Thank you. Do you have any questions, Senator Dworshak?

HOUSE REDUCTION

Senator DWORSHAK. Just one. Miss Lenroot, noting the splendid work that has been carried on by the Children's Bureau over the past decade and the fine supervision you have provided, I am a little bit in doubt as to why you stress the fact that the House cut of \$426,900 is going to cripple your program. I am sure you did not mean that you could not absorb a small cut like that and continue with the vital services that the Children's Bureau is rendering and has been rendering.

Miss LENROOT. Senator, we do not consider a cut of \$426,000 a small cut. If you take the two items together, it represents a cut of over 20 percent under our going program. I have tried to indicate the type of services that would have to be eliminated. Even though we have a good staff, we cannot help in the development of services for spastic children unless we have a specialist in that field.

Senator DWORSHAK. You could spend twice the amount of money you are getting and turn in a report which would justify that expenditure; is that not true?

Miss LENROOT. That is true, certainly.

EMERGENCY MATERNITY AND INFANT CARE PROGRAM

Senator DWORSHAK. Your emergency maternity and infant care program which was carried on under national defense is going to be liquidated, as I understand, in July.

Miss LENROOT. That is correct, with 3,000,000 for liquidation beginning next year.

Senator DWORSHAK. What is the 3,000,000 for?

Miss LENROOT. To take care of the mothers and infants that would be eligible as of July 1 next.

Senator DWORSHAK. You are certainly continuing that a long time past VJ-day; are you not?

Miss LENROOT. It has been reviewed by the House and the Senate committees. It is something they felt should go on until our men were brought back and the demobilization process was further along.

Senator DWORSHAK. It could legitimately be justified as a permanent activity, I presume.

Miss LENROOT. We would hope there could be a more comprehensive plan that would take care not only of children of veterans, as they now are in many cases, but other children. That would be a matter for consideration by Congress, of course, by a legislative committee.

Mr. STEPHENS. As to the permanency, the Bureau of the Budget is going on the premise that the Army takes care of its captains and sergeants, and so forth, and that it should get down to taking care of the wives of these three or four grades. That is the story they gave us in the Bureau of the Budget.

On this 3 million in liquidation, the language came up from the Bureau of the Budget.

Senator DWORSHAK. I think it is anticipated the entire program would be terminated under the present plan.

Miss LENROOT. The Bureau of the Budget plan as approved by the House is that all mothers and infants could be taken care of if they

were eligible prior to July 1, 1947. It takes time to complete an infant care and maternity-care program. This 3 million was contemplated not only for the next fiscal year, but for the following fiscal year also.

Senator DWORSHAK. There are no plans of permanency.

Miss LENROOT. Not of this program; no, sir.

Mr. STEPHENS. They think it is the Army's responsibility, and the Army should assume it.

APPROPRIATIONS SINCE 1938

Senator DWORSHAK. I have before me, Miss Lenroot, the appropriations since 1938. I note in 1938 the Children's Bureau had \$8,644,000; in 1939, less than \$9,000,000; in 1940, they had an appropriation of \$9,151,000, with a supplemental of \$1,512,000; in 1941, you received \$12,216,000; in 1942, \$12,218,000; in 1943, \$12,158,000, with a deficiency of \$1,200,000; and in 1944, you jumped up to 16½ million, with a deficiency when you assumed supervision of the emergency program.

Miss LENROOT. Those amounts, Senator, include mostly the grants. From 1935 to 1939, we had \$8,150,000 for grants to States. From 1939 to 1946, we had \$11,200,000 for grants.

Senator DWORSHAK. In addition to the amounts that are listed.

Miss LENROOT. That includes those amounts.

RELATION OF ADMINISTRATIVE EXPENSES TO GRANTS

Senator DWORSHAK. You have been doing outstanding work over the years, and back in 1938 you did it with 9 million; in 1939, 9 million; and this year you are asking for 26½ million. When you protest a mere cut of \$426,000 would seriously cripple and handicap your program, cannot quite understand that.

Miss LENROOT. Senator, I was trying to point out that Congress has increased the amounts for grants to States because it recognized the need, so that instead of administering \$8,150,000 of grants to States prior to 1939, we are now administering \$22,000,000. But the \$426,000 needs to be related to the money, first of all, for basic research under the act of 1912 and, second, for administration of these grants.

Senator DWORSHAK. You do not have a great deal of responsibility for personnel, except in a supervisory capacity, with these grants. Certainly you make the funds available to the States, and do they not provide personnel for the programs?

DEPARTMENTAL GRANTS FOR NEW TYPES OF PROGRAMS

Miss LENROOT. I was trying to point out that in this type of grant, it is not enough just to make allotments of funds and audit the accounts. These are developmental grants for new types of programs. Unless we can give some specialized service, and I have indicated the specialist in cerebral palsy, the specialist in dental health for children and a few other types of specialists to give information to the States that will enable them to develop their programs in the best way, there is really a lack of economy and efficiency in the administration of the State funds.

AMOUNT FOR GRANTS

Senator DWORSHAK. How much money currently is being granted to the States out of your total appropriation?

Miss LENROOT. \$22,000,000, plus \$3,000,000 for next year for the emergency maternity and infant care program. That is \$25,000,000.

BASIS OF STATE MATCHING

Senator DWORSHAK. On what basis do the States match that?

Miss LENROOT. They match half of the maternal and child health and crippled children's grants on a 50-50 basis. The rest of the money is allotted, taking into consideration the per capita income, the rural population, and the needs of the States.

Senator DWORSHAK. Generally it is about dollar for dollar.

Miss LENROOT. For half of the dollars, dollar for dollar. Then they get some additional amount based on their financial need and capacity. The amount we are asking for administration of the 25 million in grants is less than 5 percent of the grants.

NO WORK OVERSEAS

Senator DWORSHAK. I did not hear your entire statement. I would like to inquire as to whether your Children's Bureau has any jurisdiction over areas overseas where our Armed Forces have been settled.

Miss LENROOT. We have not.

Senator DWORSHAK. There is no work being done?

Miss LENROOT. Except as we are called upon in Washington for consultation. We have been concerned about the illegitimate children overseas.

Senator DWORSHAK. That is what I was referring to.

Miss LENROOT. We have helped to prepare information through a small amount of time of one person on our staff. We have no funds for work in that area.

Senator DWORSHAK. You are merely providing professional information.

Miss LENROOT. That is right.

Senator DWORSHAK. That is all.

Senator KNOWLAND. Thank you very much. We will recess now until 2:30 this afternoon.

(Thereupon, at 12:30 p. m., a recess was taken until 2:30 p. m. of the same day.)

AFTERNOON SESSION

The subcommittee reconvened at 2:30 p. m., upon the expiration of the recess.

Senator KNOWLAND (presiding). The hour of 2:30 having arrived, the subcommittee will come to order. At this time we will hear from the Bureau of Public Assistance.

Mr. STEPHENS. Mr. Chairman, Miss Hoey, who is the Director, is out of the city and Miss Goodwin will testify.

Senator KNOWLAND. You may proceed.

FEDERAL SECURITY AGENCY

BUREAU OF PUBLIC ASSISTANCE

STATEMENTS OF MISS KATHRYN GOODWIN, ASSISTANT DIRECTOR;
R. L. WYNKOOP, CHIEF, COORDINATING AND PROCEDURES DIVISION;
A. R. TRUELSON, CHIEF, ADMINISTRATIVE SERVICES;
W. L. MITCHELL, ACTING COMMISSIONER FOR SOCIAL SECURITY;
AND M. A. STEPHENS, BUDGET OFFICER, FSA

SALARIES AND EXPENSES

STANDARD CLASSIFICATION SCHEDULE

(The standard classification schedule is as follows:)

Salaries, Bureau of Public Assistance, Social Security Administration

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 estimate compared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
01 Personal services:					
Departmental.....	\$660, 773	\$767, 695	\$695, 026	+\$106, 992	-\$72, 669
Field.....	438, 227	502, 305	454, 974	+64, 078	-47, 331
Grand total obligations.....	1, 099, 000	1, 270, 000	1, 150, 000	+171, 000	-120, 000
Excess of obligations over appropria- tion due to Public Law 390.....	-134, 000	-----	-----	+134, 000	-----
Total appropriation or estimate..	965, 000	1, 270, 000	1, 150, 000	+305, 000	-120, 000

REDUCTION IN STAFF

Miss Goodwin. The appropriation request of \$1,270,000 for 1948 was reduced to \$1,150,000 and this reduction of \$120,000 means that the staff of the Bureau of Public Assistance will approximate 272 as compared with the request of 300 positions.

INCREASE IN WORK LOAD DUE TO SOCIAL SECURITY AMENDMENTS

The Bureau believes this reduction of 28 positions should be restored because of the increased work load resulting from the Social Security Act amendments of 1946. These amendments, which expire December 31, 1947, provide a new matching basis for grants-in-aid for the programs of old-age assistance, aid to dependent children, and aid to the blind and result in most of the States obtaining additional Federal reimbursement.

The new matching basis is resulting in higher assistance payments to meet the increased cost of living and in broadening of these programs to include a greater number of needy cases. As a result of the amendments, the States are requesting an increasing amount of service from the Bureau with respect to legislation, policy, operation, and procedure as well as detailed evaluation of the experience of other States in meeting numerous problems.

Other areas in which the work load of the Bureau has increased are in processing grants to States, reviewing changes in State plans to determine conformity with the amended Federal act, and examining operations of State and local agencies to determine that State programs are administered in accordance with Federal requirements and their own approved plans as required by the Social Security Act.

Although the amendments are effective for only the first two quarters of the fiscal year 1948, it is expected that the increased work load of the Bureau will continue throughout 1948. The nature of the activity will depend upon which of the following courses is taken by the Congress: (1) to continue the present amendments; (2) to establish a new method of Federal financial participation; or (3) to revert to the former basis of matching.

Regardless of which course is taken, substantial adjustment in operations will be required with respect to making public assistance grants to the States.

If the trend during this fiscal year is meaningful, the Bureau of Public Assistance will require a staff of at least 300 to provide the minimum services requested by State agencies.

Therefore, it is recommended that the appropriation request of \$1,270,000 should be granted for the fiscal year 1948.

In reducing the Bureau's request the committee indicated that the functions of the Bureau were well established and that there was no reason for increasing the staff. I would like to point out that this is not an increase over the Bureau's prewar staff. Prior to the beginning of the war the Bureau staff was 311, actual employed staff. We, during this year have made increases only as we had vacancies but have made the increases in relation with the specific work load required by the amendments.

The programs in the States are not static, they change continually and they make amendments almost from day to day. In the present State legislative sessions 841 bills have been introduced affecting the public assistance programs.

Senator KNOWLAND. Any questions, Senator McKellar?

Senator McKELLAR. Yes.

Senator KNOWLAND. Go ahead.

AMOUNTS APPROPRIATED IN PRIOR YEARS

Senator McKELLAR. How much did you receive in 1939?

Mr. TRUELSON. \$567,000.

Senator McKELLAR. How much in 1940?

Mr. TRUELSON. \$712,000.

Senator McKELLAR. How much last year?

Mr. TRUELSON. 1946?

Senator McKELLAR. Yes.

Mr. TRUELSON. \$945,000 including overtime of \$12,000.

Senator McKELLAR. I thought you said \$19,000.

Mr. TRUELSON. \$945,000.

Senator McKELLAR. All right.

Mr. STEPHENS. Mr. Chairman, I overlooked one thing and that is that there is an item on page 40 of the bill, "Civilian war assistance,"

an appropriation made to the Administrator at the request of the State Department and the funds are expended by Miss Goodwin's group.

Senator McKELLAR. What page was that?

Mr. STEPHENS. Page 40.

CIVILIAN WAR ASSISTANCE

STANDARD CLASSIFICATION SCHEDULE

(The standard classification schedule is as follows:)

Civilian war assistance

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 estimate compared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
01 Personal services:					
Departmental.....	\$2, 266			-\$2, 266	
Field.....	4, 910			-4, 910	
02 Travel.....	250			-250	
03 Transportation of things.....	25			-25	
04 Communication services.....	125			-125	
07 Other contractual services.....	255, 880			-255, 880	
08 Supplies and materials.....	120			-120	
09 Equipment.....	492			-492	
11 Grants, subsidies, and contribu- tions.....	3, 485, 932	\$1, 000, 000	\$750, 000	-2, 485, 932	-\$250, 000
Grand total obligations.....	3, 750, 000	1, 000, 000	750, 000	-2, 750, 000	-250, 000
Unobligated balance, estimated sav- ings.....	+1, 000, 000			-1, 000, 000	
Total appropriation or estimate.....	4, 750, 000	1, 000, 000	750, 000	-3, 750, 000	-250, 000

AID TO AMERICANS STRANDED IN EUROPE AND THE FAR EAST

Miss GOODWIN. The request was for \$1,000,000 and the House reduced it to \$750,000 to continue this work for 1948.

The need for the program for assistance to Americans who are repatriated from Europe and the Far East is that at the outbreak of the war citizens were stranded and have not been able to return either because of transportation difficulties or various problems in the occupied countries delaying their return.

The plan which we submitted was for continuing the civilian war assistance program through the State and local departments of public welfare in order to meet the needs of these people at the point of debarkation and in order to get them to the place of residence or where they expect to settle. Many of these people have been able to become after a very short time, reestablished in various parts of the country and be self-supporting. Those who need longer time care are transferred to the state and local programs.

NUMBER OF PERSONS ASSISTED EACH YEAR

Senator KNOWLAND. Do you have any figures to show the number you have assisted for each year since this program started?

Miss GOODWIN. Yes. This program has undergone a number of changes as the conditions in the foreign countries changed.

Senator KNOWLAND. When did the program start?

Miss GOODWIN. In 1942.

Senator KNOWLAND. Could you give us the figures for each year?

Miss GOODWIN. For the fiscal year February to June 30, the number is 86; for the fiscal year ending June 1943, 129.

Senator McKELLAR. And 1942?

Miss GOODWIN. Eighty-six. Those are cases and family groups.

Senator McKELLAR. 1943?

Miss GOODWIN. 129.

For 1944, 82; 1945, 309; 1946, 597, and up to February 1947, 925. That includes only the cases who actually receive assistance. There are a larger number of cases who receive service from the different agencies at the point of debarkation.

Senator KNOWLAND. What was the last figure?

Miss GOODWIN. Up to February 28?

Senator McKELLAR. How much?

Miss GOODWIN. Nine hundred and twenty-five.

COST OF ASSISTANCE EACH YEAR

Senator KNOWLAND. Could you give us the expenditures in each of those years now?

Miss GOODWIN. Yes.

For 1942, \$14,135; 1943, \$81,709; 1944, \$64,343; 1945, \$912,582; 1946, \$977,575. Then again up to the end of February 1947, \$872,000.

BASIS OF AID

Senator KNOWLAND. What basis do you use?

There does not seem to be a particularly close ratio as to the number of people and the amount expended, and there seems to be a discrepancy. How is that explained?

Miss GOODWIN. You have to take into account the changes in the program. When it first began it was primarily for people injured in the United States but injured as a result of the war.

As the war progressed there were various other civilian groups who became needy and came within the general qualifications of the Executive order of the President.

AMERICANS RETURNED FROM THE PHILIPPINES

After the Philippines were reoccupied we began to get the large number of Americans being returned. The first group were both American and Filipinos, nationals but not necessarily citizens. They were returned in order to clear the area for the military in their conduct of the war.

At the present time we are in the reverse process, the people who came from the Philippines are gradually being returned if they were persons who had residence there and wish to return. They were brought involuntarily, as far as they are concerned, and they are eligible to be sent back at the Government's expense.

RETURN OF AMERICANS FROM EUROPE

In the meantime, after the close of the war in Europe, gradually American citizens have been returned to this country in cooperation with the Department of State. The Department of State, of course, makes the initial arrangements for the transportation and the Department of State and the Immigration Office tell us which of the people returning are American citizens and are within this category and, of course, no aliens are included in this program.

DIFFERENCES IN COST PER CASE

Senator KNOWLAND. Take 1942, the part-year basis, you had 86 people with some \$14,000; that is roughly less than \$200 a case?

Miss GOODWIN. Those were largely medical cases.

Senator KNOWLAND. You get over to 1945 with just a little over 300 cases, and we have \$912,000 which is about \$3,000 a case; is that right?

Miss GOODWIN. These figures include several things, in addition to direct assistance to individuals; they include the operations of Public Health Service facilities for these same groups and include more than just the cases reported as receiving assistance.

I think we do not have account of all of the people accepted there and also the administrative facilities set up in the ports.

Senator KNOWLAND. There seems to be such a wide difference on the case load.

Miss GOODWIN. Those figures are the average number per month. They are not the total number of persons.

Senator KNOWLAND. You mean these figures that you have just given us are not the annual but the average figures per month?

Miss GOODWIN. Yes.

Senator KNOWLAND. That is entirely different.

Senator McKELLAR. Let us take the year 1945 when it cost \$912,000. How many people did you get into America?

Miss GOODWIN. I am sorry, I did not hear you.

Senator McKELLAR. I said, take 1945 when you spent \$912,000. How many people did you have returned?

Miss GOODWIN. We do not have an unduplicated count. It would be approximately 3,600 man-months of assistance.

Senator McKELLAR. I am not bothered about the man-months. I would like to know how many people came in whose passage you paid.

Miss GOODWIN. Well, we do not pay their way to come in. A great many more people come in than are referred to our facilities. Many of them do not need any facilities at the time they arrive at the ports. The only cases we have a count of are those who are not able to get themselves financially from the point of debarkation.

Senator KNOWLAND. I think the thing Senator McKellar and I are both interested in is that we both misunderstood you because when we asked for the number per year, we got these figures, 86 and so forth, and at least I assumed that that was the annual figure. It seemed at first, rather small, and secondly, it seemed a very high expenditure per family.

Miss GOODWIN. It certainly would be.

Senator KNOWLAND. What we are trying to find out is for this expenditure of \$912,000 in 1945, how many people, different people, were taken care of?

Miss GOODWIN. I see, we would have to get that from the States.

Senator KNOWLAND. Would you get that for the record?

Miss GOODWIN. Yes.

(The information is as follows:)

Number of cases and costs since April 1942—civilian war assistance: Number of different cases receiving assistance, number of persons per case, and amount of expenditures for assistance, April 1942 through February 1947

Period	Number of different cases	Number of persons	Expendi- tures for assistance
April 1942 to June 1943-----	885	1,859	\$95,844
July 1943 to June 1944-----	416	874	64,343
July 1944 to June 1945-----	2,992	6,882	912,582
July 1945 to June 1946-----	3,379	7,096	977,575
July 1946 to February 1947-----	3,529	6,000	872,000

KIND OF AID PROVIDED

Senator McKELLAR. I would like to know what you do for them anyway. What do you spend it for?

Miss GOODWIN. If they are ill when they arrive, medical care; if they are unable to pay their transportation, we take care of that.

Senator McKELLAR. Medical care and transportation and what else?

Miss GOODWIN. Temporary housing while they wait to get a train and for many of the people who have come from the distressed area we may even provide clothes.

Senator McKELLAR. You pay their hotels?

Miss GOODWIN. They stay in the least expensive facilities they can get which are not always inexpensive either in these days.

Some of these are unaccompanied children and have to be boarded until their relatives come for them. Many of them have had to be clothed practically from the skin out.

Senator McKELLAR. You clothe them?

Miss GOODWIN. That was more when the people arrived from Philippine area and they were in such desperate physical need, and in need of clothing, that we had to do that.

The assistances administered by the State agencies in the States where the ports are and we expect them to apply the same standards that they apply to their own assistance cases.

RED CROSS ASSISTANCE

Senator KNOWLAND. Did not the Red Cross do quite a bit for these people who came back from the Philippines and other places?

Miss GOODWIN. The Red Cross has assisted in making some arrangements but largely their assistance has been for those who did not need financial assistance. They provided reception centers and meals and so forth.

Senator McKELLAR. Let us take this year, if you have the figures. How much have you spent this year, up to date?

Mr. TRUELSON. Up through February of this year we spent \$952,000 including State administrative costs.

Senator McKELLAR. February 1 or February 28?

Mr. TRUELSON. February 28.

Senator McKELLAR. \$952,000?

Mr. TRUELSON. Right.

Senator McKELLAR. What did you spend that money for, what are the items?

Miss GOODWIN. That was on the average spent at the rate of \$100 for assistance at the point of debarkation.

Senator McKELLAR. I cannot get that. I seem to have difficulty in hearing what you say. For what did you spend \$952,000 this year?

Miss GOODWIN. That averages about \$100 at the port where the people arrive, including the immediate transportation and it includes \$50 per month for a 3-month period for each person who does not have funds and has to be established.

Senator McKELLAR. How many people did you bring in this year?

Miss GOODWIN. We do not have the figures of the people who arrived.

Senator McKELLAR. You spent it without knowing how many people you spent it on?

Miss GOODWIN. No, sir.

Senator McKELLAR. How do you handle it?

NUMBER HELPED IN JANUARY 1947

Miss GOODWIN. In the month of January 843 cases received this assistance.

Senator McKELLAR. January, 843 people.

Miss GOODWIN. We do not know what proportion that is of the citizens who arrived at the ports.

Senator McKELLAR. I am asking for those you spent money on. How much did you give each one?

Miss GOODWIN. In January?

Senator McKELLAR. Yes.

Miss GOODWIN. The total expenditure was \$108,000.

Senator McKELLAR. \$108,000 for January and there were 843?

Miss GOODWIN. The average was \$128.92.

Senator McKELLAR. What did you spend that money for, that \$128.92?

STATE AGENCIES ACT AS REPRESENTATIVES

Miss GOODWIN. The State welfare agencies expended it for the purposes which we have expressed.

Senator McKELLAR. The State agencies expended?

You turn it over to them?

Miss GOODWIN. The State agencies act as our agents and they administer it under the standards which they use in their own cases.

Senator KNOWLAND. Do they submit vouchers to you?

Miss GOODWIN. No; we make advances to them.

Senator KNOWLAND. How do you estimate what your advance or grant should be?

Miss GOODWIN. They submit estimates of their needs and the standards that they use, and we know how the funds will be applied.

Senator KNOWLAND. Let us get specific.

Say in California, we have some people coming from the Philip-pines, how does the State of California advise you as to their estimates of the amounts to be needed during the month of April?

Miss GOODWIN. It is difficult for them to advise us or for us to advise them because there are so many uncertainties involved. We get information first, from the Department of State of the approxi-mate number of arrivals, where they expect those arrivals, and how many people they think will need assistance.

Until they arrive the State agency cannot estimate how much will be needed.

Mr. MITCHELL. The specific answer is that there are a number of arrangements but there are these two. Some States get money in advance and others are reimbursed after they have spent money and submitted expenditure reports.

HOW PROGRAM WAS ESTABLISHED

Senator McKELLAR. Do you have the law passed by the Congress and what did they tell you to do?

Mr. MITCHELL. There is no law; I believe this is in accordance with an Executive order issued under the authority of the Emergency War Powers Act.

Senator KNOWLAND. Do you have a copy of that here?

Miss GOODWIN. We do not have a copy of it.

Senator KNOWLAND. Would you get a copy of the Executive order?

Miss GOODWIN. There have been a series of them.

STATEMENT ON PRIOR SOURCES OF FUNDS

Senator KNOWLAND. We would like to have the whole series.

Miss GOODWIN. We would be glad to supply them.

(There was no Executive order. The following was submitted for the record:)

Chronological review of Civil Works Administration program activities

Source of funds	Program provisions	Program activity
Feb. 6, 1942.—Allotment 42-70 from President's emergency fund.	Allocation made by President to Federal Security Agency and subsequently allocated (1) to Social Security Board to provide for temporary aid necessitated by enemy action to civilians residing in the United States; and (2) to United States Public Health Service to provide for temporary hospitalization and medical care for persons included under the Civil Works Administration program.	Recipients primarily volunteer civilian defense workers; dependents of persons interned, missing or killed in Philippines not eligible for civilian war benefits; and a few escapees from Pacific area who were fortunate enough to reach mainland.
June 30, 1942.—Allotment 42-152.	Continued allotment 42-70 to June 30, 1943.	
Oct. 5, 1942.—Allotment 43/3-56.	Letter 42-70 amended by specifying groups covered: Temporary aid (assistance, medical care, and other services) to civilians (including enemy aliens) within the United States (1) injured as result of enemy attack or action to meet such attack or danger thereof, or injured in performance of duties as civilian defense workers; (2) dependents of individuals injured or killed, interned by enemy, or missing, (3) evacuated from any areas under direction of civil or military authority, or (4) otherwise in need as result of enemy action or danger thereof.	Average number of cases receiving assistance and/or services in 1942, 1943, ranged from 93 to 219 per month. The period April 1942 to June 1943, \$95,844 was expended for 885 different cases. From July 1943 to June 1944, \$64,343 was expended for 416 different cases.

Chronological review of Civil Works Administration program activities—Continued

Source of funds	Program provisions	Program activity
May 2, 1945.—Allocation 45-45.	Civilian defense cases restricted to those persons whose injuries occurred prior to Apr. 30, 1945.	Defense cases on decline. Evacuation of civilians from Philippines under military direction heavy between February and September 1945. Average monthly case load (including assistance and/or services) in 1945 was 441.
July 8, 1945.—Allocation 45-49.	Extended program to June 30, 1946 allocates additional funds (\$1,300,000) for this program.	
Dec. 11, 1945.—Allocation 46-21.	Allocates \$4,000,000 to continue this program.	
Mar. 21, 1946.—Allocation 46-35.	Amends allocation No. 46-21 to allow return of evacuees from Philippines and Hawaii to areas from which they were evacuated.	Repatriation activities of Department of State from Europe and Far East accelerated in attempt to return American nationals to United States by June 30, 1947 (Nationality Act of 1940 expired Oct. 14, 1946). Number of cases receiving assistance and/or services varied depending on ship arrivals—116 in January 1945, 2,098 in May 1945, 1,338 in October 1945, and 747 in April 1946. \$912,582 expended in fiscal year 1945 for 2,992 different cases. During fiscal year 1946, assistance and/or services provided to about $\frac{2}{3}$ of 8,000 evacuees and about $\frac{1}{4}$ of 15,000 American nationals and dependent members of their immediate families repatriated from Europe under auspices of Department of State. Average monthly case load in 1946, including assistance and/or service, was 850; total expenditures in 1946 \$977,575 for 3,379 different cases.
July 26, 1946—Public Law 549, Federal Security Agency Appropriation Act, 1947 (pp. 20-21), provision to continue Civil Works Administration program.	\$4,750,000 to continue Civil Works Administration program as heretofore financed from emergency fund for President to provide temporary aid (including medical care, transportation, and other goods and services) to: (1) Citizens of United States or their children under 18 who were interned or stranded or evacuated from any area under direction of civil or military authorities of United States, and (2) for temporary aid to and return of civilians evacuated from Philippines or Hawaii under direction of civil or military authorities from Dec. 7, 1941 to Sept. 15, 1945.	To facilitate Department of State's expanding repatriation program (at their request) and to meet requests of evacuees to return to former homes in Philippines and Hawaii. Major activity has been in providing reception services to repatriates at port of debarkation, and continuing care in community of residence to facilitate reestablishment and return to self-support as quickly as possible. Average monthly case load (including assistance and/or services) during first 6 months of fiscal year 1947 estimated at 1,425 cases. In period July 1946 to February 1947, \$872,000 has been expended for 3,529 different cases. Department of State repatriation program unable to be completed in 1947, therefore, Department of State is requesting funds to continue program in 1948, and they have asked the Social Security Administration to continue operation of facilitating Civil Works Administration program.

APPENDIX A

LETTERS OF AUTHORIZATION AND ALLOCATION

Allocation No. 42-70

THE WHITE HOUSE,
Washington, February 6, 1942.

The honorable the SECRETARY OF THE TREASURY.

MY DEAR MR. SECRETARY: By virtue of the authority vested in me by the provisions of the appropriation entitled "Emergency Fund for the President," con-

tained in the Independent Offices Appropriation Act, 1942, approved April 5, 1941, I hereby make the following allocation:

	<i>Amount</i>
To: The Administrator of the Federal Security Agency-----	\$5,000,000

to be expended by the Administrator of the Federal Security Agency, or through such Federal or other agencies as he may designate, for providing temporary aid necessitated by enemy action to civilians, other than enemy aliens, residing in the United States: (1) who are disabled; or (2) who are dependents of civilians who are killed, disabled, interned, or reported as missing; or (3) who are otherwise in need of assistance or services. This allocation is not intended to cover civil or other personnel of the Federal Government for whom other provisions are contemplated.

The funds hereby allocated shall be available for all necessary expenses in carrying out the above-described activities, including the procurement of supplies, services, and materials without regard to section 3709 of the Revised Statutes; the advance of funds without regard to section 3648 of the Revised Statutes; and the employment of such personnel without regard to the civil service or classification laws as may be necessary or expedient for the accomplishment of these purposes.

Please arrange for the necessary transfer of funds and advise the Administrator of the Federal Security Agency.

Sincerely yours,

FRANKLIN D. ROOSEVELT.
Amended by letter of October 5, 1942

JUNE 30, 1942.

The honorable the SECRETARY OF THE TREASURY.

MY DEAR MR. SECRETARY: The unobligated and unexpended balances of all allocations heretofore made by me from the appropriation "Emergency fund for the President" contained in the Independent Offices Appropriation Act, 1942, approved April 5, 1941, are hereby continued available for obligation and expenditure until June 30, 1943. Please advise the agencies concerned.

Sincerely yours,

FRANKLIN D. ROOSEVELT.

APPENDIX A

LETTERS OF AUTHORIZATION AND ALLOCATION

Allocation No. 42/3-56
(Amending Allocation No. 42-70)

THE WHITE HOUSE,
Washington, October 5, 1942.

The honorable the SECRETARY OF THE TREASURY.

MY DEAR MR. SECRETARY: On February 6, 1942, I allocated \$5,000,000 to the Federal Security Agency from the "Emergency fund for the President" contained in the Independent Offices Appropriation Act, 1942, to be expended for providing temporary aid necessitated by enemy action to civilians.

The funds so allocated shall be available for providing temporary aid to civilians (including enemy aliens) within the United States (1) who are injured as a result of enemy attack or of action to meet such attack or the danger thereof, or who are injured while in the performance of their duties as civilian defense workers; or (2) who are dependents of individuals (a) injured or killed under circumstances described in clause (1), or (b) interned by the enemy, or reported as missing under circumstances indicating such death or internment; or (3) who are being or have been evacuated from any area under the direction of civil or military authority; or (4) who are otherwise in need as a result of enemy attack or of action to meet such attack or the danger thereof. Such aid may include money payments, loans (with or without interest or security), and assistance in kind and medical or other services necessary for the protection of health, safety, or welfare.

As used in this letter the term "civilian defense worker" means any civilian (except a person who is paid by the United States, or any department, agency, or instrumentality thereof, for services as a civilian defense worker) who is engaged in the Aircraft Warning Service, or is a member of the Civil Air Patrol,

or is a member of the United States Citizens Defense Corps in the protective services engaged in civilian defense, as such protective services are established from time to time by regulation or order of the Director of the Office of Civilian Defense, or is registered for a course of training prescribed and approved by said Director for such protective services. The term "United States" as used in the allocation includes Alaska, Hawaii, Puerto Rico, and the Virgin Islands.

Aid under the allocation shall be available to civil or other personnel of the Federal Government to the same extent as to other civilians. Any other Government benefit payments shall be taken into account, so far as may be practicable, in determining the aid to be provided under the allocation.

The funds shall also be available for the development of necessary plans and surveys in preparation for meeting possible emergencies within the scope of the allocation.

In other respects the availability of these funds shall be governed by my letter of February 6, 1942.

Sincerely yours,

FRANKLIN D. ROOSEVELT.

Allocation 45-45

THE WHITE HOUSE,
Washington, D. C., May 2, 1945.

The honorable the SECRETARY OF THE TREASURY,
Washington D. C.

MY DEAR MR. SECRETARY: In view of the authority vested in me by law I hereby allocate from the appropriation entitled "Emergency fund from the President, national defense, 1942-45," to Federal Security Agency \$393,000 to be expended by the Administrator of the Federal Security Agency in connection with emergencies affecting the national security in defense for providing temporary aid to civilians within the United States in accordance with letter of allocation dated February 6, 1942, No. 42-70, as amended October 5, 1942/3-56.

The funds hereby allocated shall be supplementary to and merged with the above-mentioned allocation as amended and shall be expended for the same objects and under the same conditions as said allocation except that the authority granted in the said letter of October 5, 1942, is hereby modified so that the provisions with respect to civilian defense workers, as a special class, and their dependents will not be applicable for injury or deaths in connection with services as a civilian defense worker occurring after April 30, 1945. These funds shall not be available for aid to persons for whom aid is provided for the same purpose by Federal law except on a reimbursable basis.

Please arrange for the necessary transfer of funds and advise the Federal Security Agency.

Sincerely yours,

HARRY S. TRUMAN.

Allocation No. 45-49
(Amending Allocation No. 45-45)

THE WHITE HOUSE,
Washington, July 5, 1945.

The honorable the SECRETARY OF THE TREASURY

MY DEAR MR. SECRETARY: By virtue of the authority vested in me by law, I hereby allocate from the appropriation entitled "Emergency fund for the President, national defense, 1942-46,"

Amount

To: Federal Security Agency----- \$1, 300, 000

to be expended by the Administrator of the Federal Security Agency in connection with emergencies affecting the national security and defense for providing temporary aid to civilians within the United States in accordance with letter of allocation dated February 6, 1942 (No. 42-70), as amended October 5, 1942 (No. 42/3-56) and May 2, 1945 (No. 45-45).

The funds hereby allocated shall be supplementary to and merged with the above-mentioned allocation, as amended, and shall be expended for the same objects and under the same conditions as said allocation.

Please arrange for the necessary transfer of funds and advise the Federal Security Agency.

Sincerely yours,

HARRY TRUMAN.

Allocation No. 46-21

THE WHITE HOUSE,
Washington, December 11, 1945.

The honorable the SECRETARY OF THE TREASURY.

MY DEAR MR. SECRETARY: By virtue of the authority vested in me by law, I hereby allocate from the appropriation entitled "Emergency fund for the President, national defense, 1942-46,"

To: Federal Security Agency----- *Amount* \$4,000,000

to be expended by the Administrator of the Federal Security Agency in connection with emergencies affecting the national security and defense, for providing temporary aid to civilians who have been interned or who have been evacuated from any area under the direction of the civil or military authority or who are otherwise in need as a result of enemy attack or of action to meet such attack or the danger thereof.

The funds hereby allocated shall be supplementary to and merged with the funds allocated by letter of July 5, 1945 (No. 45-49), and shall be expended for the same objects and under the same conditions as said allocation.

Please arrange for the necessary transfer of funds and advise the Federal Security Agency.

Sincerely yours,

HARRY S. TRUMAN.

Allocation No. 46-35.
(Amending Allocation No. 46-21).

THE WHITE HOUSE,
Washington, March 21, 1946.

The honorable the SECRETARY OF THE TREASURY.

MY DEAR MR. SECRETARY: My letter of December 11, 1945 (No. 46-21), allocating \$4,000,000 to the Federal Security Agency for providing temporary aid to civilians who have been interned or who have been evacuated from any area under the direction of the civil or military authority is hereby amended to extend the availability of such funds to provide for the return transportation, without regard to need, of civilians evacuated from the Philippine Islands to the United States or from Hawaii to any other part of the United States by reason of military necessity during the period beginning December 7, 1941, and ending September 15, 1945.

Please advise the Federal Security Agency accordingly.

Sincerely yours,

HARRY S. TRUMAN.

APPROPRIATION BY SEVENTY-NINTH CONGRESS

Senator McKELLAR. Have the Executive orders been terminated?

Miss GOODWIN. Last year the Congress made an appropriation to continue this program and made an appropriation for the estimated expense based on what the Department of State had told us would involve some 50,000 people. That appropriation last year was for \$4,750,000, of which we will turn back this year approximately \$3,000,000.

Now, what we are really asking for is reappropriation of \$1,000,000 of the unexpended balance.

QUESTION OF APPROPRIATING WITHOUT AUTHORIZATION BY LAW

Senator McKELLAR. We violate the law when we appropriate money with no law authorizing it to be spent. You say there is no law author-

izing it to be spent because the Executive order is out. We cannot expend money on that basis.

Miss GOODWIN. Last year a law was introduced——

Senator McKELLAR. A law may have been introduced but it was not passed. You have to pass a law before you can act.

Miss GOODWIN. The law was introduced, and instead of acting on the law the Congress acted on the request for the appropriation.

Senator McKELLAR. Congress acted very badly.

Mr. MITCHELL. You understand, Senator, that the provision was made on page 40?

Senator McKELLAR. That may be, but it is a violation of the law. We have to be authorized by law before we can appropriate money. There is something wrong about it if we appropriated \$4,750,000 and you paid back \$3,000,000 of that.

Miss GOODWIN. Senator, as to the amounts, it is very difficult to know what size they will assume.

Senator McKELLAR. You just pay anybody's expenses. Suppose one of them wants to be sent to Maine and another wants to be sent to Nevada, it would cost \$25 to \$50 going to Nevada and maybe several hundred dollars to Maine. How do you fix that?

DETERMINATION OF ELIGIBILITY TO RECEIVE AID

Miss GOODWIN. The State welfare departments are responsible to us, and they in the first place start with a certification from the Department of State that these people are citizens, and the welfare departments must determine that they are within the provisions for which this appropriation was made.

Senator McKELLAR. The people themselves determine whether they are entitled to it or not?

Miss GOODWIN. Our agencies, the State departments of welfare are responsible for making that determination. Having determined that the persons are within the provisions, the welfare departments determine whether they are in need, which frequently involves getting in touch with their relatives.

SOME FUNDS ADVANCED ON LOAN BASIS

Senator KNOWLAND. That is the next question I was going to ask. Somebody may come over and have ample resources but they may not have them readily available in the Philippines. They get to this country and have not funds in their pocket, so to speak, and they want to move from San Francisco to Memphis. What kind of a check up do you have there? They may temporarily need railroad fare which can be later reimbursed.

Miss GOODWIN. It can be done on a loan basis.

Senator McKELLAR. Has it ever been done?

Miss GOODWIN. It has been done.

Senator McKELLAR. Will you show us a receipt indicating that it has been done?

Miss GOODWIN. I do not have such information here.

Senator McKELLAR. You must have it in your office.

Miss GOODWIN. I would like to finish the story of the responsibility of the agency.

Senator McKELLAR. We are anxious to know the matter because you are accepting money, and you cannot accept money unless the law provides it shall be appropriated.

AUDITING OF ACCOUNTS

Miss GOODWIN. I simply want to explain that, whether we advance the money to the States or whether they spend their own money and we reimburse them, the State accounts are audited and the cases are reviewed by our staff to see that they have made decisions within the provisions of the law.

Senator McKELLAR. I thought you said you turned the money over to the State authorities and they made the investigation to see whether they were entitled to it?

Miss GOODWIN. They make the investigation and determination subject to a postaudit.

Senator McKELLAR. They had better make a preaudit.

PERSONAL SERVICES

Senator KNOWLAND. Could you give us some information as to why it takes approximately 300 employees in 1948 to do work that was done by approximately 238 in 1940?

Miss GOODWIN. Of course these programs all began in 1937, as you know, and up to 1940 not all of the States had all of the programs. In 1940 there was a change in the operation within the Administration, and the Bureau assumed the responsibility for reviewing the operation of assistance plans except for the actual physical operations.

In 1940 we had an average of 238 employees. In 1941 we had 287 employees, on the average, per month. We have had in all of these years an authorization for a larger staff, but because during the period of war it was difficult to recruit a staff we were not always able to fill vacancies. During the current year, we had to take on a considerable load of work as a result of the amendments. We were unable to fill vacancies in our regular staffing schedule excepting for the most emergency positions.

Senator KNOWLAND. Do you have a research staff, and how many people?

Miss GOODWIN. We have 36 people.

Senator KNOWLAND. With 38 authorized and 36 actually doing the work?

Miss GOODWIN. That is correct.

Senator KNOWLAND. What do they do?

Miss GOODWIN. They handle the statistical reports from all of the States on the public assistance expenditures and case loads. They make an analysis of the cost per case and they also assist the States in making reports.

Senator McKELLAR. Have you any of those with you?

I would like to know.

Miss GOODWIN. They handle the research and statistics.

Senator McKELLAR. Does any one of the four of you know about that?

Mr. MITCHELL. You are back on the Civilian War Assistance.

PROCEDURE IN HANDLING CASES

Senator McKELLAR. I want to know how they spend this money. Assume that I am a passenger on a steamboat coming from the Philippine Islands and I land at San Francisco, what would you do for me?

How do you operate?

Mr. MITCHELL. Well, I suppose I might take a crack at that.

Senator McKELLAR. I do not like the way you talk about it; you say you will take a crack at it and that sounds bad. I would like the truth about it and that is all I want.

Mr. MITCHELL. That is all we have in mind, Senator.

These people are identified in the foreign countries by our Department of State as being citizens of this country and arrangements are made by the State Department and the War Department for their return to this country. But when the boat docks at the port in this country, their responsibility for them ceases and some other agency must pick up.

Now, during the war, under the War Powers Act, there was issued an Executive order allocating to the Federal Security Agency the responsibility for taking over the job and seeing that these people were properly treated. Under that authority we worked out cooperative arrangements with each of the State departments of welfare who were already established and set up and capable of taking over this job.

We established over-all standards under which they were required to function. One of those standards was that these people will receive assistance in keeping with the assistance laws of the State in which the person arrived.

Now, the boat docks in San Francisco—most of them came into California from the Far East—and there the State department of welfare made arrangements with the Red Cross or anyone else who would lend a hand to receive these people on the dock.

Then they went through a regular case work procedure. They asked these people about their personal affairs, where they had relatives, what their personal situation was, how much money they had, and so on. Out of that interrogation they reached a conclusion under their State standards of assistance as to how much this person ought to receive by way of clothing, food, lodging, transportation, or any other expenses that might be involved in getting these people to their home communities or to some place where they could be self-supporting.

It is in that respect that you have a considerable degree of variation in the amount of any assistance that any individual client gets. They may run from \$5 in one case to \$400 or \$500 in other cases.

The best we can give you by way of figures is the average for a substantial group on a basis of past experience.

Senator McCARRAN. What did you have during this current year?

Mr. MITCHELL. I am sorry I did not hear you.

Senator McCARRAN. During this current year?

Mr. MITCHELL. \$4,750,000.

Senator McCARRAN. That is to bring back indigents from abroad?

Mr. MITCHELL. Yes, for assistance to those who have been repatriated.

Senator McCARRAN. Is it not true that last year you stated to the committee that that would be the last year that you would do this work?

Mr. WYNKOOP. We are asking that \$1,000,000 of the \$3,000,000 remaining be reappropriated for this year.

Senator McCARRAN. May I inquire further?

Senator KNOWLAND. Yes.

Senator McCARRAN. How many did you repatriate during the current year?

Miss GOODWIN. The State Department estimated 50,000 to be repatriated.

Senator McCARRAN. How many at the beginning of this year?

ESTIMATE ON NUMBER TO BE REPATRIATED

Miss GOODWIN. The Department of State now estimates that there are about 20,000 left. These are State Department estimates and we do not have this information directly.

Senator McCARRAN. Where are they?

Miss GOODWIN. Scattered, primarily now in the middle European countries from which they have not been able to bring any large number of people.

Senator McCARRAN. How do you get hold of them.

Miss GOODWIN. In a number of ways. Some were traveling there and some were visiting relatives and many of them are children of citizens and have never been in this country.

Senator McCARRAN. Is there not a high percentage of those who were citizens of this country and then went back to their native country and absolved themselves from the citizenry of this country and took up the citizenry of their former country?

Miss GOODWIN. I believe if they had done that they would not be eligible for repatriation.

Mr. WYNKOOP. The appropriation stipulates that it is to go for aid to citizens of the United States and their children under 18 years of age.

Senator McCARRAN. I happen to know about some of them and they were sorry that they abandoned their citizenship. They wanted to get out and get back here. I wanted to know how many of those you had. I take it that you did not have any?

Mr. WYNKOOP. We are authorized to expend money only for citizens and their children.

REPATRIATION DELAYS

Senator McCARRAN. That brings us to another question. Why has it been that it took us so long to bring them over?

Miss GOODWIN. It is largely a question of shipping and it is difficult to identify them in the different countries, the countries which had been occupied. It is only relatively recently that they have been able to get lists from Poland and Czechoslovakia.

Senator McKELLAR. How do you know that they are citizens of America?

Miss GOODWIN. We know because the Department of State certifies to us.

Senator McKELLAR. If they certify, you do not make any further investigation?

Miss GOODWIN. That is their responsibility.

Senator McKELLAR. If I am 15 years old and was born in Europe and say that my mother or my father was a citizen of that country and I want to come back to America, I can come?

Mr. MITCHELL. I am confident, Senator, that the United States Department of State through its consular service makes an investigation and that the person must be a citizen before they certify him, but it is correct that the State departments of public welfare are authorized to accept as final a certification made by the United States Department of State as to citizenship.

ESTIMATE OF NUMBER RETURNED LAST YEAR

Senator McKELLAR. In other words, we take indigent citizens. How many did you bring in last year?

Miss GOODWIN. We are using only the outside estimates of the State Department and there were approximately 30,000.

Senator McKELLAR. We brought in 30,000 last year simply on a statement of the State Department and they are indigent and have nobody living over here and have nothing to live on when they get here. Furthermore, we do not know how they got over to that country?

Miss GOODWIN. A very small percentage of the people repatriated are indigent.

Senator McKELLAR. Why do you not make them pay for it? You do not seem to remember previous years, so I will ask you about this year.

Of the 30,000 involved, how much did you get back?

Miss GOODWIN. Of the approximately 30,000 people who came, only a small number are known to our agency. The Department of State makes arrangements for them to return and if they have funds with which to return, we do not have any contact with them.

Only a small percentage do we know anything about.

Senator McCARRAN. How much have you expended?

Mr. TRUELSON. \$872,000 through February of this year.

Senator McCARRAN. How many people?

Mr. TRUELSON. We only have the monthly average number of cases.

Senator McCARRAN. Surely you know on how many you expended that money?

Mr. TRUELSON. 925 cases.

Senator KNOWLAND. For the year or for the months?

Mr. TRUELSON. We do not have an unduplicated count for the year.

Senator McCARRAN. Let us take it since July 1 of last year until the present time. How many people have you brought in and what has it cost to bring them in? What does it cost per individual?

Mr. TRUELSON. This would approximate for the period July 1, 1946, through February 28, 1947, approximately 1,800 persons monthly at a cost of \$872,000.

Senator McKELLAR. One thousand eight hundred persons?

Mr. TRUELSON. That is 1,800 persons, I should point out.

Senator KNOWLAND. There is something wrong with that because with 597 monthly, there ought to be 4,000.

Mr. TRUELSON. I have converted 925, which is the monthly average. It would be about 1,800 persons monthly average. As far as the unduplicated count, we would have to obtain that for the record.

Senator McCARRAN. I cannot hear you.

Mr. TRUELSON. The number of cases, we do not have an unduplicated count for the year and we would have to obtain that for the record.

Senator McCARRAN. I am speaking of individuals.

Mr. TRUELSON. The case averages out about two persons per case. There are about two per family.

Senator McCARRAN. Maybe a man and wife?

Miss GOODWIN. Or it might be a mother and child or two unaccompanied children.

Senator McCARRAN. How many people did you bring in from the first of July 1946 until February of 1947?

Mr. TRUELSON. We do not have an unduplicated count here.

Miss GOODWIN. There was an average of 925 per month during that period.

Senator McKELLAR. That is over \$1,000 per person.

Miss GOODWIN. Nine hundred and twenty-five cases per month.

Senator KNOWLAND. That is 7,400 cases?

Mr. TRUELSON. Approximately.

Senator KNOWLAND. For the 7,400 cases you spent during that same period of time \$872,000, right?

Mr. TRUELSON. Yes

AVERAGE COST PER CASE

Senator McCARRAN. What does that average per case?

Miss GOODWIN. One hundred and twenty-eight dollars per case.

Senator McCARRAN. You do not clear it up to me. I am not able to see it.

Senator McKELLAR. In the first place these people ought not to be brought in at all. Those able to pay their own way should do so.

Mr. MITCHELL. The ones who can pay their own way never show up as assistance clients at all.

Senator McKELLAR. I am afraid that they do. I am going to wait to get some information as to how many paid their own way after you got them over here.

Miss GOODWIN. Senator, we do not know how many came in and paid their own way.

Senator McKELLAR. I am asking you how many came in here to whom you advanced the money and they paid you back.

Miss GOODWIN. We do not get that information currently from the States because the repayment will be some time after the expenditure.

Senator McCARRAN. Let us get that clear.

If they did repay, they repaid it to the State department?

Miss GOODWIN. That is correct.

Senator McCARRAN. So that you would not have anything from which you could make an accounting to this committee; is that a fact?

Miss GOODWIN. It depends. If they repay for the cost of their transportation from Europe to this country, they would repay to the Department of State.

If at the time they arrived in the country they received an advance from assistance funds, they would repay that to our fund and that would be repaid back to the Treasury; that is a very small number, since the cases are very carefully sifted out. If they have resources or relatives who can assist, we do not advance.

Senator McCARRAN. So you really did not advance very much money?

Miss GOODWIN. Very little.

Senator McKELLAR. Mr. Chairman, I would like to have your secretary write the State Department and find out what money has been paid by any individual that came here in that manner. Let us find out something about this. How can we act on an amount involving \$1,000,000 without any information?

Senator McCARRAN. Can anyone here cite the chairman the provision of law that authorizes this?

Senator KNOWLAND. We asked that question, and there is not any law; it is by Executive order.

Mr. WYNKOOP. Plus the authorization in the appropriation bill.

Mr. STEPHENS. When we went for the \$4,750,000, we had representatives of the State Department come up and tell the committee about the load and what they would like to have done and the probable number of people, and they had no earthly way of giving this assistance to an individual, and these people were able to do that. So they asked whether they would give these people the money.

They estimated that 50,000 people would come in and the Congress gave \$4,750,000. This year, because of lack of finding them and because of the maritime strike and other shipping difficulties, they were not able to complete the job as we promised we would do, so we will turn back, because of those delays, over \$3,000,000 and ask that a part be brought forward to complete a job which was estimated to have been completed in this fiscal year.

Senator KNOWLAND. How much have you asked of the \$3,000,000 to be reappropriated?

Mr. STEPHENS. \$1,000,000. This question of \$1,000,000 does not include people whose citizenship has lapsed. The State Department has estimated that there were from 5,000 to 8,000 in that category, but if they ever become citizens, Congress will have to take care of that.

Senator KNOWLAND. So these people are at least, as far as you know—and we have to take the certification of someone—these people are all currently United States citizens?

Mr. STEPHENS. That is right.

RANGE OF FINANCIAL ASSISTANCE

Senator KNOWLAND. And of the 30,000 that you roughly estimate came in last year, not more than 7,400 plus—doubled to give the individuals—not more than 14,800 of that total received any assistance whatever and of those they may have received assistance running from \$5 to \$400, and on that you cannot give us the exact break-down?

Miss GOODWIN. That is right.

Senator KNOWLAND. Any further questions?

ADDITIONAL EMPLOYEES

Senator DWORSHAK. I have just one question.

I notice that you are asking for more personnel, can you justify that, the House was very liberal and gave you more than you asked for. They gave you 16 more than you had in 1947?

Miss GOODWIN. Yes. Of course, that is 16 more than our actual employment. It was not 16 more than our staffing schedule. At the last session of Congress amendments were passed to the three titles of Social Security Act which have added substantially to the work of this year and which will continue regardless of what is done about those amendments at least through this next year.

The States have made very extensive and numerous changes in their State plans, all of which we have to determine to be within the provisions of the Social Security Act. They have also sought considerably more advice from the Bureau. Also, the Bureau is responsible for determining that the programs continue to conform to the requirements of the act.

Senator DWORSHAK. It does not involve just the supervision of the matching funds?

Miss GOODWIN. Our whole program is related to the matching funds which are of course very substantial.

Senator DWORSHAK. I mean, this additional personnel is required, merely to supervise the grants given to the States?

Miss GOODWIN. That is correct. The increase in personnel is only related to the changes in the amendments to the act.

PARTICIPATION BY STATES

Senator KNOWLAND. How many of the States cooperate with you on this assistance program?

Miss GOODWIN. All of the States and the two Territories have some programs.

Senator KNOWLAND. Except for such biennial amendments that may be made by the various State legislatures, are not the State plans pretty well established so that it is not necessary to constantly review them? In other words, if the State has conformed with the general requirements of the Federal statutes, and so forth, you certainly do not have to rehash that each year?

Miss GOODWIN. The States are constantly changing both their legislative base and their implementing material. In most States, for example, the standards of assistance are not in the law. Some States, such as California, do state them in the law, but most do not.

Those have been established by the agency which administers the program within a general framework.

Senator KNOWLAND. As long as the States comply with the Federal statutes you do not come in and tell them how to do it?

Miss GOODWIN. That is right. It is the responsibility of the State to determine how to carry out their programs. We have two responsibilities. One is to make sure that they have a plan to meet the requirements of the act, and second, through reviewing of their operations, see that they continue to meet those requirements, including efficient operation.

However, the States do look to our Bureau as a clearing house in relation to the other States and for assistance to them in the standards which they may adopt to include in their programs. The Social Security Act begins with the function that the purpose is to enable the States to make more adequate provision for aged persons, blind, and children. So far as is practicable within the conditions of each State, all States are striving to improve those conditions.

They look to our Bureau for a great deal of help in that respect.

Senator KNOWLAND. Getting aside from the problem that we had of people coming back from overseas.

On your research staff, 38 were provided in your budget and you have, as I understand it, 36. Just what type of research do they do?

Miss GOODWIN. They are primarily responsible for the required reporting of the case loads and expenditures for public assistance and for various analyses of public assistance which are necessary and helpful to the States in order to better carry out their programs.

TOTAL PERSONNEL AND AGGREGATE SALARY PAID

Senator McKELLAR. How many employees do you have, all told?

Miss GOODWIN. We have at the present time 256.

Senator McKELLAR. What is the total salary paid to the 256?

Mr. TRUELSON. \$1,099,000, including \$134,000 for increased pay costs due to Public Law 390.

Senator McKELLAR. What was that amount?

Mr. TRUELSON. \$1,099,000.

Senator McKELLAR. Last year you had \$4,750,000, of which you paid back \$3,000,000, and that left you with a figure of \$1,750,000 on which to operate last year?

Senator McCARRAN. There is something wrong here, Senator McKellar.

Miss GOODWIN. That was for the civilian war assistance, that \$1,750,000.

Senator McKELLAR. How much did you have for this?

Miss GOODWIN. We had no administrative money for the civilian war assistance program. The Bureau staffing is in relation to the public assistance titles of the Social Security Act.

Senator McKELLAR. I must confess that from your explanation of it I am totally unable to understand it. I am much more ignorant than I was when we started.

I want to say that I am going to vote against it entirely. There is no law authorizing it, and I am going to vote against making any appropriation at all because you have no business to be in the employ of the Government.

AMOUNTS FOR STATE WELFARE AGENCIES

Mr. STEPHENS. Just in case there is a little misunderstanding, the \$4,750,000 for 1947 and the \$1,000,000 for next year is money to be paid to the State welfare agencies.

SALARIES COVERED BY SEPARATE ITEM

The \$1,099,000 which the Bureau had for covering the administration of the granting of public-assistance money to the States is entirely separate. Nor was there any Bureau administrative funds in the \$4,750,000 this year.

Senator KNOWLAND. That is entirely to the States, reimbursement of this program?

Mr. STEPHENS. That is right, sir.

QUESTION AS TO DUPLICATION OF RESEARCH WORK

Senator KNOWLAND. Now, on this matter of the research we were talking about here, is there not some duplication in that and the research work carried on by the other sections of the Social Security Administration?

Mr. MITCHELL. No, sir; I think I can answer that.

The research performed in the Bureau of Public Assistance is really improperly named in that it is essentially the matter of operating statistics. The number of cases receiving assistance and the manner of assistance and development of materials of that kind are the work that they do. When that material comes in it is analyzed to the extent that these programs are accomplishing the objective of the act.

Recommendations are made from this Division to the Bureau Director for the improvement of that program.

Senator McKELLAR. Have you got anybody in your organization that made that research? Do you have anybody now connected with your organization that made that research? I would like to have you send him up here and find out what he found.

Mr. MITCHELL. Are you talking in regard to the research in connection with the civilian war assistance?

Senator McKELLAR. Yes.

Mr. MITCHELL. In that respect, the functions that this group would perform are something like this:

They would establish the schedules that the States would be required to fill out and report this material to Washington. When it was reported here it would be compiled.

Senator KNOWLAND. Now, to be specific, you have 38 people authorized, and you have 36 employed doing research work of all types. Now, part of their research job, and of course it is just a part of it, is getting statistical information regarding this civilian-assistance program?

Maybe one or two or three or maybe someone doing part-time work is involved, but someone did handle it. What Senator McKellar would like to have is a person who actually handled this job to give us some additional information.

Mr. MITCHELL. Yes, sir. We could arrange to have a person in that department.

Senator KNOWLAND. I am interested now in the broader aspects of research of which that was just a part.

You mean there is no agency in the social security set-up that has a research and statistics set-up outside of this one?

Mr. MITCHELL. Yes, sir; there is one.

Senator KNOWLAND. I want to find out if we have duplication.

Mr. MITCHELL. There is one person whose responsibility it is to see and insure that there is no duplication of that sort in the Social Security Administration. The set-up for the Social Security Administration has the responsibility for performing research in those areas of social security not covered by legislation, as for instance in the general area of medical care or financing.

Likewise there are types of research that cut across the program of social security.

You also have coverage in the field of unemployment compensation. In other words to see that there is no duplication, you either perform that in a central location or have a qualified person in the central location to see that the research is not duplicatory.

Senator McCARRAN. So you make a research whether there is money for that particular research or not, is that right? In other words, if it is to cover something for which there is no law?

Mr. MITCHELL. Well, we have a provision, section 702 of the Security Act that directs the Social Security Board and now the Administration to make appropriate investigations and research in the fields of social security and workmen's compensation and something like that is a basis for making appropriate recommendation for improving assistance.

Senator KNOWLAND. Of course that is pretty wide open.

Mr. MITCHELL. Quite, but still it is an authorization and was put in there expressly for the purpose of authorizing these activities.

Senator KNOWLAND. What I want to find out here and we will make a further study of it, is what other agencies in the Social Security set-up are doing research work? Can you give us that information?

Mr. STEPHENS. I believe that Mr. Mitchell can outline that to you, Mr. Chairman, because at his level he has a bureau of research and statistics and then in each of the bureaus there is a smaller segment doing similar work. I think Mr. Mitchell is able to give you that now unless you would like to have the tables and the people.

PERSONNEL ENGAGED IN RESEARCH

Senator KNOWLAND. I would like to get later the tables and accurate information as to the number of people doing research and statistical work.

Mr. STEPHENS. For Federal Security Agency?

Senator KNOWLAND. Yes.

Mr. STEPHENS. That would be difficult to get by tomorrow, but we can get that within the next few days.

Senator KNOWLAND. Will you do that, please?

(The information requested appears on p. 838.)

PERCENTAGE OF REPATRIATES ASSISTED

Senator McKELLAR. You say there were 30,000 of those people involved, how long do you take care of them?

Mr. MITCHELL. Of those 30,000 there is a substantial proportion receiving no assistance at all.

Senator McKELLAR. Out of the 30,000, how many received assistance?

Mr. WYNKOOP. 32 percent.

Senator McKELLAR. Let us see what that is.

PERIODS OF TIME ASSISTANCE IS PROVIDED

Senator McKELLAR. That would be 9,600, 32 percent of 32,000. Out of that 9,600, you start to look after them and pay them when they land. How long do you keep them after they land?

Mr. MITCHELL. With some of them, it is just a matter of a day or two assistance to get them started. For those who require assistance for any period of time, it averages about 3 months.

Senator McKELLAR. Then what do you do to them, turn them over to somebody?

Mr. MITCHELL. Customarily, if they are continuing to get assistance thereafter, they are picked up by the State departments of public welfare.

Senator McKELLAR. Then, if they want to go back to their country, you send them back, do you?

Miss GOODWIN. No, there is no provision for returning them. They are citizens of the United States. If they were aliens, of course they would be deported.

Senator McKELLAR. Do you have aliens, too, covered?

Miss GOODWIN. We do not have aliens.

Senator McKELLAR. So you do not send any of them back.

Miss GOODWIN. No, sir.

QUESTION OF RETURNING FILIPINOS TO THE ISLANDS

Senator McKELLAR. I was wondering whether we were giving trips to people over there.

Miss GOODWIN. If you are thinking of people from the Philippines—

Senator McKELLAR. Let us take them. Do we give them trips every year?

Miss GOODWIN. The people brought against their own volition from the Philippines to this country during the war in order to clear the area for military operations are entitled to be returned under this appropriation.

Senator McKELLAR. How many of those did we return?

Miss GOODWIN. Very few have applied, for several reasons. One is that the transportation has not been available, and another is that the Philippines themselves are not in such condition that they are ready to receive many people.

Senator KNOWLAND. Is there a time limit in which they may apply?

Miss GOODWIN. A time limit has not been set, but we think that probably all of them that are going to apply will return this year, and we would then set a time limit. It was impossible to do that before transportation was actually available.

Senator KNOWLAND. Are there any further questions?

Senator DWORSHAK. Yes, Mr. Chairman.

INCREASE ASKED FOR SALARIES, BUREAU OF PUBLIC ASSISTANCE

There has been a lot of reference to funds during the recent discussion. Mr. Mitchell, is it not true that for the coming year you

requested a total of \$171,000 in excess of the amount you had available for this year for salaries for the Bureau of Public Assistance? Is that right, \$171,000?

Mr. MITCHELL. That is correct.

HOUSE ACTION ON SALARIES

Senator DWORSHAK. The House gave you \$51,000 and withheld \$120,000.

Miss GOODWIN. That is correct.

Senator DWORSHAK. Do you not think you can operate, even without that \$51,000, on the same amount you had during the current year?

Miss GOODWIN. We have been operating with some difficulty during the current year because we have had to absorb a large amount of this additional work relating to amendments, and to curtail our regular activities that relate to the continuing program of grants. We will be unable to keep up with the flow of work from the States in terms of plans. We have felt it very important when the States submitted revisions of plans that we be able to reply to them as quickly as possible, so that they knew those were current. We have already a considerable backlog because we have not been able to keep current.

DISCUSSION OF PAY RAISE ACT AND ITS APPLICATION

Senator DWORSHAK. Under the Pay Raise Act it was assumed part of the increased cost of operation would be absorbed. You have not been able to absorb some of that for the reason you are carrying a larger work load than you had before?

Mr. TRUELSON. We have not absorbed any of the additional pay cost.

Senator DWORSHAK. You have not.

Mr. TRUELSON. We have not been able to, on account of the amendments which were enacted by Congress in August of last year. The amendments created additional work for the Bureau, and meant that we have had to be fully staffed up to a maximum force as far as our appropriation was concerned in order to carry through on this work.

Senator DWORSHAK. Your operating efficiency has not increased any by virtue of higher wage schedules. I mean that seriously. That was understood. That was the agreement reached last year when the Pay Raise Act was put through Congress. These assurances were given in order to get these higher wage and salary schedules. Then, as the various bureaus, boards, agencies, and departments send representatives up here before our appropriations subcommittees, they invariably ask for an increase in personnel.

It seems that the higher the wage schedules, the salary schedules, the more personnel is required. I will grant you are probably taking on a few additional duties, but it would seem that as we approach a more normal operating basis after the war years, we ought to be able to get down to the ground and do the job without continually asking for more personnel.

Miss GOODWIN. If we could get down to the prewar level, we would be very satisfied, Senator.

Senator DWORSHAK. I do not think anybody expects you to do that.

Miss GOODWIN. Our prewar level was higher than what we are now requesting.

COMPARISON WITH 1942 BUDGET ESTIMATE

Senator DWORSHAK. In 1942 you only had an estimate from the Bureau of the Budget of \$838,000. Now you are asking for \$1,270,000 which is more than a 50 percent increase. We are not asking you to get down to the prewar level.

Miss GOODWIN. That is in terms of expenditures but does not include \$154,000 transferred to the Bureau. However I am speaking of it in terms of positions.

Senator DWORSHAK. You are getting currently more than 50 percent of what you had, say, in the year 1942.

Miss GOODWIN. That is correct, sir, but it does not provide for as many salaries at the current rates which have been established by successive actions of the Congress as the appropriation in 1942 did.

Senator DWORSHAK. That is all, Mr. Chairman.

DUTIES UNDER SECTION 702 OF THE SOCIAL SECURITY LAW

Senator McKELLAR. I want to ask this question. I find section 702 of the social-security law states:

The Board shall perform the duties imposed upon it by this act and shall also have the duty of studying and making recommendations as to the most effective methods of providing economic security through social insurance and as to legislation and matters of administrative policy concerning old-age pensions, unemployment compensation, accident compensation, and related subjects.

Now, as to this 32 percent, I believe you said it was, of the 30,000 that came over here, that is, 9,600: I wonder if your Board has taken up, passed upon, gotten settled and arranged old-age pensions, unemployment compensation, accident compensation, and related subjects of that kind. Have you got these people all set and fixed, the 9,600? Have you got them all fixed so that they will not have any trouble in the future, that they will either have old-age pensions, unemployment compensation, accident compensation, and things of that sort?

Mr. MITCHELL. The two programs, Senator, are completely separate and apart. The Social Security Act has nothing whatever to do with this temporary war program.

Senator McKELLAR. Oh, it does not?

Mr. MITCHELL. No, sir.

Senator McKELLAR. That is something you just put in this act.

Mr. MITCHELL. We are performing this work in connection with these repatriated citizens as a ministerial act essentially.

Senator McKELLAR. You have not given them pensions or unemployment compensation or anything like that yet?

Mr. MITCHELL. No, sir.

Senator KNOWLAND. In this you are acting more or less as agent for the State Department who did not want to take on the functional job of handling these cases, and so they passed it on to you.

Senator MCKELLAR. It is in the law, and they passed it on to you. All right.

Senator DWORSHAK. Under the Executive order, was there any time limit for that war assistance program?

Mr. MITCHELL. The Executive orders, I think, exhausted themselves each year and were throughout on that basis.

Mr. WYNKOOP. We have the authorization in our 1947 appropriation act now which we formerly had under the Executive order.

Senator KNOWLAND. This is the first time the authorization appears in an appropriation?

Mr. WYNKOOP. During the current year, as well as for next year.

Senator MCKELLAR. This will end on the 1st of July, unless we put it back in the bill.

Senator KNOWLAND. Are there any further questions?

If not, thank you.

Next is the Bureau of Employment Security.

BUREAU OF EMPLOYMENT SECURITY

STATEMENTS OF R. G. WAGENET, DIRECTOR; A. W. MOTLEY, ASSISTANT DIRECTOR; W. L. MITCHELL, ACTING COMMISSIONER FOR SOCIAL SECURITY; R. L. WYNKOOP, CHIEF, COORDINATING AND PROCEDURE DIVISION; AND M. A. STEPHENS, BUDGET OFFICER OF THE FEDERAL SECURITY AGENCY

SALARIES AND EXPENSES

STANDARD CLASSIFICATION SCHEDULE

Senator KNOWLAND. The standard classification schedule will be inserted at this point.

(The schedule is as follows:)

Salaries, Bureau of Employment Security, Social Security Administration

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 estimate compared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
01 Personal services:					
Departmental.....	\$812, 236	\$934, 759	\$701, 698	+\$122, 523	-\$233, 061
Field.....	212, 764	219, 241	193, 302	+6, 477	-20, 939
Grand total obligations.....	1, 025, 000	1, 154, 000	900, 000	+129, 000	-254, 000
Excess of obligations over appropria- tion due to Public Law 390.....	-125, 000	-----	-----	+125, 000	-----
Total appropriation or estimate..	900, 000	1, 154, 000	900, 000	+254, 000	-254, 000

Mr. WAGENET. My name is R. G. Wagenet. I am Director of the Bureau of Employment Security. I would like to read a brief statement to the committee.

AMOUNT OF RESTORATION REQUESTED

The Bureau of Employment Security respectfully requests restoration of the amount of \$254,000 to its salary appropriation for the fiscal year 1948. This amount represents the difference of 22 percent between the total of \$1,154,000 approved by the Bureau of the Budget and \$900,000 contained in H. R. 2700 passed by the House on March 25, 1947. Restoration of the full amount of the cut is based on the following considerations.

RESPONSIBILITIES UNDER SOCIAL SECURITY ACT

The Social Security Administration has definite statutory responsibilities under titles III and XIII of the Social Security Act and under provisions of the Unemployment Tax Act which have been delegated to the Bureau of Employment Security. That Bureau must ascertain that State laws on unemployment insurance as passed and amended by the 51 State and Territorial legislatures are in conformity with the Social Security Act and the Unemployment Tax Act. For this purpose it is necessary for the Bureau of Employment Security to review, analyze, and advise on pending State legislation and proposed rules and regulations. There is also statutory responsibility for determining that unemployment insurance benefits are paid by the States when due.

Under title III determination must be made of amounts necessary for proper and efficient administration of State laws. For this purpose the sum of \$57,586,000 will be available to the 51 jurisdictions in the next fiscal year. The amount to be granted to each State must be determined, State by State, on the basis of factual data of State performance and of other factors enumerated in title III.

UNEMPLOYMENT TAX ACT

Under the Unemployment Tax Act, the Bureau of Employment Security must keep the Social Security Administration advised of any condition in the administration of a State law which might jeopardize continuing certification of that law for tax credit purposes or for tax reduction through employer experience rating. Should such conditions arise, the governor of the State must be promptly notified.

In addition to these responsibilities the Bureau of Employment Security is constantly called upon by the States to assist and advise in strengthening present administrative procedures and operations. Requests for such service have steadily increased in the postwar period. As States concentrate on more thorough methods of claim determination and of measures designed to test the claimant's availability for a job, it is expected that increasing service will be required from the Bureau staff. At present it is not possible to fill all State requests for aid in training State personnel, in revising appeal procedures, and in other operational activities.

The Bureau is the only clearinghouse for information from and to the States. This function plays an important part in the reduction

of cost of administration by providing accurate data on methods and performance in all types of operations in use in the States. The clearinghouse function brings the work of the Bureau into close relation to the operational responsibilities of the State agencies. The States receive the benefit of experience of all other States as well as of the technical staff of the Bureau. This method materially assists in improving the effectiveness of the unemployment insurance program.

The need for improving the State system by providing more adequate facilities to maintain proper checks on the payment of benefits was pointed out by the House Appropriations Committee in its explanation of the increase in a 1947 deficiency item for the States from \$6,459,000 to \$9,064,000. Increased expenditures for administration would, in the opinion of the committee, save considerable amounts in the payment of benefits. The committee in arriving at its decision no doubt took account of the fact that in the fiscal year 1947 approximately \$1,000,000,000 will be paid in benefits to 4½ million claimants.

The Federal Government has a direct stake in ensuring adequacy of funds through title III to this large and important program. At the same time it must be certain that such funds are expended for proper and efficient administration. This assurance can best be obtained through trained and experienced personnel. The Bureau of Employment Security has built up such a staff over the past 11 years.

If the Bureau were operating at the requested strength it would cost \$1,154,000 or approximately 2 percent of \$57,586,000 provided for State administration. It is submitted that savings made by this staff in State operations each year exceed the entire amount of Bureau cost, to say nothing of the savings to the State funds as a result of strengthened State performance.

RECONVERSION BENEFITS FOR SEAMEN

Additional duties in relation to reconversion benefits for seamen were given the Bureau of Employment Security by virtue of Federal legislation passed by the Seventy-ninth Congress and by H. R. 2700. This bill provides that the seamen's benefits begin July 1, 1947. This is an entirely new program for a group of workers not heretofore covered by State unemployment insurance laws. The administration of the program will present problems peculiar to the employment conditions in this industry. Furthermore, the Bureau will have to obtain reports from each individual State concerning the amount of benefits paid to seamen and will have to certify to the United States Treasury sufficient funds to cover these payments.

This work is entirely new, and cannot be absorbed by the staff without serious curtailment of present operations. It is estimated that at least \$39,000 is necessary to provide for 10 new positions in the Bureau for administering the "maritime" program.

In summary, the Social Security Act and the Unemployment Tax Act require the maintenance of certain safeguards and standards for the granting of funds for administration of State laws and for certification of those laws for tax credit to employers. The Federal Government will appropriate \$57,586,000 for State administration in the fiscal year 1948. To carry out the Federal responsibilities in connection with these standards and grants requires a competent staff adequate in numbers, training, and experience. In the fiscal year

1947 the Congress appropriated \$900,000 for salaries of this staff and has included \$95,000 for salary increases in a current deficiency bill, making a total of \$995,000.

It is submitted that the Federal-State program should continue to be strengthened. It is therefore requested that the full amount of the request of \$1,154,000 for the Bureau of Employment Security be restored for the fiscal year 1948.

FUNCTIONS STARTED IN 1935

Senator KNOWLAND. You have been in operation now roughly 12 years.

Mr. WAGENET. It started in December 1935.

Senator KNOWLAND. Now, I happen to be very much interested in this unemployment feature of it. I handled it on the floor of the State senate in California, the first unemployment insurance act passed by the State of California. I can realize full well at the time these were being set up how it was necessary for the Federal Government, when setting up the standards, and so on—it was a new field—to have fairly close supervision to be sure the general intent of the Federal legislation was carried out. But in the lapse of 12 years and with the States having gotten some experience and having worked with you, is it necessary now, since these standards have been developed, to follow it as closely as it was in the formative stage before anybody had any experience?

Mr. WAGENET. It is not necessary to follow it as closely in the same manner it was done then. You are quite right. But there have been additions to the State laws, additions to the program.

We submit here the number of personnel we had throughout the years, and you will see the change in personnel. The Bureau has changed with the emphasis on this program Statewise and nationally. From a fairly large group, the Bureau in the early years went down to a small number, and now in the postwar years with the large demands on the Bureau from the heavy unemployment claims load in the reconversion period, we are building it up again.

Furthermore, there is a very intensified effort by the States and the Bureau to insure the correct payment of benefits, the prompt payment of benefits, and only the payment of benefits to those who are entitled to them.

That requires a strong local organization; that is, State organization. It requires assistance from the Federal group, from the Bureau group, in many phases of the operation, which I know you agree is a very complicated and large operation.

Senator KNOWLAND. Are not the States vitally interested in that problem, too?

Mr. WAGENET. Very much so.

Senator KNOWLAND. Are not they on top of the problem, so to speak, to try to achieve the same thing you speak of?

Mr. WAGENET. Exactly. We are working hand in hand with the States. They are as much interested in it as we are. For instance, State loads vary. One State will have a much heavier load than another, and the State is about to reach a bottleneck in its operation. It calls upon us for assistance.

QUESTION OF APPEALS

Take the matter of appeals. Appeals were not a factor in the early days of the program, not as they are today. Today there are literally thousands of appeals that cannot be heard. We are devising methods for the States through which better appeals procedures will be pursued and economy secured in that direction, as well as more accuracy in determinations.

To do that you have to begin at the local office in the State. They ask us to send in specialists, and we do it and are doing it all the time. That is the reason we think we are required by the States to have a very competent, well-versed, and experienced staff.

WAGE RECORDS AND CONTRIBUTIONS

Appeals are only one thing. The matter of wage records is another. The contribution angle is another.

We have instance after instance where the States are asking us to send people in. Today they are asking us to send in specialists on training. We cannot do it. We have not the men. That is another problem. I mentioned it here in the general statement. But we need people to assist the States in setting up their training facilities. Some have training facilities, but they recognize their inadequacy in many cases and ask us to supply the deficiency.

DISCUSSION ON SETTING UP TRAINING SCHOOL IN WASHINGTON

Senator KNOWLAND. Could you not do in that what the FBI does with their school, rather than having the considerable item of travel expense which would be necessitated by sending out into the 48 States representatives of your office, have the States send in to Washington for a training course people they could get this information for, but to come in here at State expense? The FBI conducts a very fine school, as you know, where representatives and members of the police departments, of the sheriffs' offices, of the State police forces, come in here, I believe, once or twice a week, or maybe more times than that. They run a regular course for these people. They are sent home again, still at the expense of the State, and they go back where they can spread the general description of all the latest in crime prevention. Why cannot that be done in this agency rather than the expense of having your people sent out into each individual State?

Mr. WAGENET. Well, that can be done to a certain extent, but the best method of doing that with the modern methods of training that have developed mainly throughout the war is the training on the job, at the bench, they say, and what they need are people who encourage the supervisors on the job to do the training there. We could train supervisors to a certain extent, and we would like to do that. As a matter of fact, at the present time we unfortunately have not the money to employ even one person to do the training of any training personnel who might come in from the States. We have been trying to find money to put a person on. We have been planning on it, but we have not up to the present time been able to do it.

Demands have been of such a character in other departments. For instance, I mentioned the contributions a few minutes ago. In the whole

program of keeping wage records, you take the employment data from the employers' contribution reports, you put it through IBM machinery, mechanized machinery, in order to make that data immediately available when the worker files a claim and the claim is determined to be valid.

That is the area in which we have had to concentrate. We are trying to improve not only that area, but to go into other areas on the basis of the State demands which come in to us.

The appeals, as I have mentioned before, is a very big area. The backlog in appeals in some States is months. In other words, they have a backlog which is so heavy, it would take months at the present rate to complete their work.

Mr. MITCHELL. There are numerous cases where the State personnel do come in for varying periods of time as individuals and in groups to work with the technicians here in Washington on special areas of particular interest. In addition to that, there are conferences held throughout the country with respect to technical matters on unemployment compensation administration. Do I not recall that the Bureau has just concluded a series of four conferences attended by State administrators and technicians on such problems?

Mr. WAGENET. They are going on. One was concluded the end of this last week in San Antonio, Tex.

Mr. MITCHELL. I think it should be pointed out further that a number of the technicians of the Bureau are located in the regional offices, of which there are 11 scattered throughout the country. So, the travel to get from the regional office to the State headquarters is materially cut down from what it would be if all travel were performed from Washington.

Senator KNOWLAND. Could you supply the committee with a list of your 11 offices, where they are?

Mr. MITCHELL. Yes, sir.

(The information is as follows:)

Regional offices of the Social Security Administration

Region designated	Regional office city	Area served
I.....	Boston.....	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont.
II-III.....	New York.....	New York, Delaware, New Jersey, Pennsylvania.
IV.....	Washington.....	District of Columbia, Maryland, North Carolina, Virginia, West Virginia.
V.....	Cleveland.....	Kentucky, Michigan, Ohio.
VI.....	Chicago.....	Illinois, Indiana, Wisconsin.
VII.....	Atlanta.....	Alabama, Florida, Georgia, Mississippi, South Carolina, Tennessee.
VIII.....	Minneapolis.....	Iowa, Minnesota, Nebraska, North Dakota, South Dakota.
IX.....	Kansas City, Mo.....	Arkansas, Kansas, Missouri, Oklahoma.
X.....	San Antonio.....	Louisiana, New Mexico, Texas.
XI.....	Denver.....	Colorado, Idaho, Montana, Utah, Wyoming.
XII.....	San Francisco.....	Arizona, California, Nevada, Oregon, Washington.

THERE ARE ALSO 2 SMALL OFFICES IN THE TERRITORIES

XIII.....	Juneau, Alaska.....
XIV.....	Honolulu, T. H.....

Senator DWORSHAK. Is there any consolidation of these regional offices within the Federal Security Agency?

MAKE-UP OF REGIONAL OFFICES

Mr. MITCHELL. The organization of a regional office is approximately this: It has a regional director who has over-all responsibility and supervision of all the social-security programs in that particular area. On his staff, he has what we call regional representatives of each of the program bureaus. For instance, there is in each of the regions either two or three technically qualified people representing the Bureau of Employment Security. In Public Assistance, it is the same way; in Old-Age and Survivors Insurance, the same way.

Senator DWORSHAK. It does not include any agencies of the Department of Labor, the regional offices; they are entirely separate?

Mr. MITCHELL. That is right.

(The following statement is an explanation of the above:)

In each region of the Social Security Administration, headed by a regional director, there are representatives of the several program bureaus of the Administration, namely representatives of the Bureau of Old-Age and Survivors Insurance, the Bureau of Employment Security, the Bureau of Public Assistance, and the Children's Bureau.

NUMBER OF EMPLOYEES

Senator McKELLAR. How many employees do you have?

Mr. WAGENET. At the present time, 245.

Senator McKELLAR. You had that many last year?

Mr. WAGENET. No, sir. We had 211.

Senator McKELLAR. So you have added 34.

Mr. WAGENET. Yes, sir.

Senator YOUNG. Does that include regional offices, too?

Mr. WAGENET. Yes, sir, it does. I might go back to the question the chairman asked a little earlier and give the number we had by years. In 1940, we had 471; in 1941, 375; in 1942, 339; in 1943, 274; in 1944, 244; in 1945, 234; in 1946, 211; in 1947, 245.

We are asking in this request for 276.

Senator KNOWLAND. On your Division of Administrative Standards it was 84, and it is 103 now.

Mr. MOTLEY. Administrative Standards has increased to 103.

Senator KNOWLAND. From 84.

Mr. MOTLEY. Yes. That is the Division Mr. Wagenet was talking about, that renders the technical assistance to the States in various phases of their operations. That is where the larger increase is requested.

Senator KNOWLAND. Of course, that seems to me to be a fairly substantial increase at a period of time I would think that the general standards would be pretty well set. I thought you needed the larger number when you were getting started on this program, and that in the normal course of events you would be able to cut down on that phase of the activities.

Mr. WAGENET. At the beginning the emphasis was on paying the benefits mainly. As we got into the shake-down period over the years, we would have been in a better position if there had been no war intervening; but with the claim load arising as quickly and as

high as it did in 1945 and 1946 and continuing in 1947, there has been the opportunity to do the type of shake-down that should have been done before. It is doing that shake-down work, so to speak, that these people are needed for.

In other words, they are requested by the States to show them about instance, how to operate this program without wage records. That happens to be one of the problems we have today.

If we could do that, we would eliminate immediately about \$2,000,000 of the normal annual grants to the States. One State, the State of Michigan, has spent quite a little time on that and has asked our experts to go there. They have had two meetings with the State commission, and a special study commission out there, and are attempting to devise a system that will not make it necessary to carry these large wage records. Until we have such a system, we will have to carry the wage records and go through the mechanical means, or whatever it is, to provide the data on which the claims are paid.

That is one of the important areas in which we are working, perhaps the most important one.

The matter of contributions is another very large area, because it is an expensive area, and we are working with the same zeal to eliminate costs there, too.

RESERVE FUND IN THE STATES

Senator DWORSHAK. Mr. Wagenet, throughout the war years employment was on a high level because of the war demands for labor. What situation developed insofar as the funds are concerned held in reserve by the various States? Do you have any supervision over that? Certainly they paid out very few unemployment benefits during the war years. What is the result of that, directly?

Mr. WAGENET. The result over-all nationally is that the reserve fund increased very largely.

Senator DWORSHAK. In the States or in the Federal Government?

Mr. WAGENET. Both statewide and nationally. In the Nation as a whole, the fund now is just slightly less than \$7,000,000,000.

Senator DWORSHAK. Seven billion?

Mr. WAGENET. Yes, sir.

METHOD OF MAKING GRANTS TO THE STATES

Senator DWORSHAK. Were your grants to the States based upon needs for unemployment benefits in the various States, or were they entirely predicated upon the unemployment tax paid by employers?

Mr. WAGENET. The grants to the States are predicated solely on the anticipated work load of the State, and that work load of the State is developed by the State and by the Bureau on the basis of the best assumption we can make on the best information we can collect as to what will happen in the succeeding year. It is a difficult assumption to make, but once we make the assumption, the State and the Bureau work out the work load. It is on that basis we budget for the State.

Senator DWORSHAK. What grants were made during the year 1944 when employment was very high, to the States?

GRANTS MADE FOR COST OF ADMINISTRATION

Mr. MITCHELL. Do you understand we do not make grants for benefits, but for only 100-percent cost of the administration?

Senator DWORSHAK. Yes. The States do retain their funds in their own reserves, do they not?

Mr. WAGENET. But the reserves are in the Federal Treasury.

Senator DWORSHAK. In their credit.

Mr. MOTLEY. That is correct.

Senator KNOWLAND. They are theoretically in the Federal Treasury.

Mr. WAGENET. It is there to get, though.

QUESTION OF TAXES PAID BY EMPLOYERS

Senator DWORSHAK. If these reserves are increasing the grants of the various States; has consideration been given to reducing the unemployment tax paid by the employers? You are continuing that on the high level and building up reserves for the States supposedly in the Federal Treasury. You are continuing to do that without any readjustment of any kind.

Mr. WAGENET. Not quite that way. The State laws provide for so-called experience ratings, and on the benefit of a favorable experience the employer is excused so much of his tax, for instance. On that basis the actual collection is very much less, maybe as much as 40 percent less, maybe 50 percent less, than it would have been had there not been the employer experience rating.

In other words, had there been a 2.7 tax all the way through, we would have had a much higher reserve than we have today.

Senator DWORSHAK. You say you have seven billion to the credit of the States currently?

Mr. WAGENET. Yes, sir.

Senator DWORSHAK. That is allocated to the 48 States.

Mr. WAGENET. I have some data here.

Senator DWORSHAK. Why do you not put it in the record?

Mr. WAGENET. I have it State by State.

Senator DWORSHAK. Showing the credits they have?

Mr. WAGENET. Correct.

Senator DWORSHAK. In this 7 billion fund?

Mr. WAGENET. Yes, sir.

Senator DWORSHAK. You are reasonably sure the 7 billion is here if they want to use it?

Mr. WAGENET. I am perfectly certain it will be paid as unemployment insurance benefits so long as that money remains in the Federal Treasury and is only taken out of the Federal Treasury for this one specific purpose.

Senator DWORSHAK. That is a very accurate answer.

(The information is as follows:)

Unemployment trust fund balances as of February 28, 1946

Alabama-----	\$56, 470, 000. 00	Nebraska-----	\$28, 094, 812. 54
Alaska-----	9, 279, 325. 12	Nevada-----	11, 959, 656. 66
Arizona-----	22, 466, 865. 10	New Hampshire-----	26, 008, 283. 90
Arkansas-----	32, 591, 405. 76	New Jersey-----	444, 144, 223. 78
California-----	715, 020, 532. 24	New Mexico-----	13, 339, 107. 70
Colorado-----	41, 602, 210. 19	New York-----	976, 637, 109. 00
Connecticut-----	186, 373, 390. 84	North Carolina-----	125, 067, 291. 27
Delaware-----	13, 882, 406. 80	North Dakota-----	6, 038, 000. 00
District of Columbia--	44, 672, 339. 60	Ohio-----	498, 776, 212. 30
Florida-----	67, 039, 357. 25	Oklahoma-----	40, 304, 668. 27
Georgia-----	89, 081, 963. 84	Oregon-----	70, 355, 000. 00
Hawaii-----	20, 362, 367. 16	Pennsylvania-----	592, 604, 542. 73
Idaho-----	18, 648, 368. 53	Rhode Island-----	79, 191, 801. 12
Illinois-----	484, 391, 923. 94	South Carolina-----	44, 671, 379. 53
Indiana-----	179, 776, 066. 15	South Dakota-----	7, 305, 691. 81
Iowa-----	68, 662, 420. 56	Tennessee-----	94, 382, 508. 88
Kansas-----	52, 309, 207. 37	Texas-----	162, 212, 407. 69
Kentucky-----	94, 927, 284. 55	Utah-----	29, 324, 961. 47
Louisiana-----	81, 202, 351. 71	Vermont-----	14, 384, 356. 80
Maine-----	38, 929, 034. 56	Virginia-----	72, 456, 526. 04
Maryland-----	115, 956, 290. 35	Washington-----	135, 608, 905. 18
Massachusetts-----	194, 490, 495. 80	West Virginia-----	72, 010, 569. 59
Michigan-----	210, 918, 634. 24	Wisconsin-----	193, 249, 636. 71
Minnesota-----	101, 972, 870. 79	Wyoming-----	9, 613, 984. 52
Mississippi-----	33, 607, 511. 74		
Missouri-----	159, 197, 379. 51		
Montana-----	23, 377, 804. 98		
		Total-----	6, 904, 951, 446. 17

Source: Treasury Statement No. III.

NEW MARITIME PROGRAM PLANNED

Senator DWORSHAK. You are setting up on July 1 this new maritime program?

Mr. WAGENET. Yes, sir.

Senator DWORSHAK. Will the Federal Government establish the standards for that?

Mr. WAGENET. The Federal Government through the Social Security Administration will establish the method by which that is paid.

Senator DWORSHAK. That will be through the States, the same as the other program?

BENEFITS BASED ON STATE LAWS

Mr. WAGENET. Yes, sir, and it will be paid on the basis of the State law in which the seamen files for benefits.

Senator DWORSHAK. Is it anticipated, if the seaman works 6 or 7 or 8 months during the year, he will be entitled to draw benefits during the remaining months of each year, instead of doing other work, or will he be compelled to take some other job if work is available?

Mr. WAGENET. There are two phases to that answer. The first is that he will be subject to the same test precisely as the other unem-

ployed workers under the State law by the same people. The other answer is that the amount appropriated by the Federal Government is for the fiscal year 1948. I say "appropriated" and I said it a moment ago, but I should correct that. I understand the House has already passed an amount of \$900,000 for seamen's benefits for 1948, but only for 1948. That program might cease to exist at the end of 1948.

Senator DWORSHAK. How? In what manner?

Mr. WAGNET. With no further Federal grant for the program. It is a reconversion benefit program.

Senator DWORSHAK. Limited?

Mr. WAGNET. Limited to the appropriation, and the appropriation now calls for 1 year.

Senator KNOWLAND. The 7 billion, however, just to make the record straight, is not in a special trust-fund arrangement. It is in the Federal Treasury, is it not?

Mr. WAGNET. No, sir; it is in a special trust-fund arrangement by the terms of the act.

Mr. MITCHELL. These maritime benefits are not considered a charge against the trust fund. They would be separate appropriation out of the general fund of the Treasury, new money.

Senator KNOWLAND. Are there any further questions?

Senator DWORSHAK. You feel you are going to be seriously handicapped by virtue of the cut made by the House in your salary item?

Mr. WAGNET. We certainly do. I could not speak too fervently on that subject. It will mean to us a cut of about 50 people who are experts. Many of those people have been trained for the last 11 years for this particular job. It is very difficult to find people of that type when you want them. Not only that, what I am concerned about is the way the program will be handled in the States. They are building it up with good standards in the States. The States are working closely with us. We are only asking for enough personnel to give the service that the States are requesting. This is really the story right here.

Senator DWORSHAK. Have not these States been operating under this program long enough to get along without constant supervision and help from Washington?

Mr. WAGNET. We do not give them supervision. The two main reasons why they come to us are: one is in connection with their grants. We need a fairly large staff. I think we have 36 to handle the grant procedures and all the standards along with fiscal matters. Then the other part of the Bureau is mainly concerned with legislation, with rules and regulations, with changes in procedures, with short-cut methods, acting as a clearinghouse, developing the actual operating statistics in the State, to point out where attention should be given, et cetera. I think it is a well-knit program, and the States and ourselves are working together on every phase of the program all the time.

Senator KNOWLAND. Are there any further questions?

If not, thank you very much.

Next is the old-age and survivors insurance. You may proceed.

BUREAU OF OLD-AGE AND SURVIVORS INSURANCE

STATEMENTS OF ROY E. TOUCHET, CHIEF, PLANNING AND REVIEW OFFICE; ROY L. WYNKOOP, CHIEF, COORDINATING AND PROCEDURE DIVISION; CHARLES M. ERISMAN, CHIEF, FISCAL PLANNING SECTION; W. L. MITCHELL, ACTING COMMISSIONER FOR SOCIAL SECURITY; AND M. A. STEPHENS, BUDGET OFFICER OF THE FEDERAL SECURITY AGENCY

SALARIES AND EXPENSES

STANDARD CLASSIFICATION SCHEDULE

Senator KNOWLAND. The standard classification schedule of salaries and expenses will be inserted at this point.

(The schedule is as follows:)

Salaries and expenses, Bureau of Old-Age and Survivors Insurance

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 estimate compared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
01 Personal services:					
Departmental.....	\$12,211,579	\$12,337,686	\$12,628,525	+\$126,107	+\$290,839
Field.....	15,139,754	18,352,314	18,721,475	+3,212,560	+369,161
02 Travel.....			513,300		+513,300
03 Transportation of things.....			80,000		+80,000
04 Communication services.....			180,000		+180,000
05 Rents and utility services.....			2,152,000		+2,152,000
06 Printing and binding.....			429,300		+429,300
07 Other contractual services.....		291,000	333,800	+291,000	+42,800
08 Supplies and materials.....			247,200		+247,200
09 Equipment.....			324,100		+324,100
Grand total obligations.....	27,351,333	30,981,000	35,609,700	3,629,667	
Received by transfer from:					
Salaries, consolidated operations.....	-228,333			+228,333	
Federal old-age and survivors in- surance trust fund.....	-22,987,000	-30,219,000	-34,909,700	-7,232,000	-4,690,700
Excess of obligations over appropri- ations, due to:					
Public Law 390.....	-3,285,000			+3,285,000	
Public Law 572.....	-851,000			+851,000	
Total appropriation or estimate.....		762,000	700,000	+762,000	-62,000

PERSONNEL REQUIREMENTS DICTATED BY WORK LOADS

Mr. TOUCHET. I have a statement I would like to read. It is very short.

In approving the personal services estimate of the Bureau of Old-Age and Survivors Insurance as submitted, the House recognized that the Bureau's requirements are dictated by work loads over which the Bureau has no control; also, that the Bureau has carried a steadily growing work load with far less than a proportionate increase in administrative costs.

I have here a chart. This compares the work load and the cost. It compares 1941, using an index as a starting point of 100, for 1941.

You will notice as the years progress until it gets into 1948, we have a work load rise from 100 to 190.

The actual personnel to do the work has, because of economy, not followed that line at all.

By the time we get to 1948, we find that the personnel we are using per unit of work, on the basis of this 100 base, is only 118 percent. There is an 18 percent rise against a 90 percent rise in work load.

Actually, now, we are using 62 people, or will use, in 1948, 62 people where we used 100 persons, in 1941.

Senator KNOWLAND. Is that through improved business methods?

Mr. TOUCHET. Back here at this stage right here, you will notice this sharp dip. [Indicating 1943.] The Bureau was facing quite a critical situation because it had no war priorities for the employment of people. It has sort of a chain operation and assembly line. So, it is very important that that assembly line be staffed all the way along the line, but the loss of people to the armed forces and other agencies and so forth was threatening to break that down. So, an extreme manpower utilization program had to begin here. It extended over a period of 6 months and resulted in a saving of 3,000 people. That is a continued annual saving of about \$6,000,000. Those savings have been progressing. The Bureau is constantly working toward that end, with the result that you see here on the chart a continually widening space between the lines showing personnel and work load.

Senator KNOWLAND. You have not kept the methods you used top secret, have you, from other agencies of the Government? They might go and do likewise.

Mr. TOUCHET. The method is pretty much hard work. I do not think that it is a secret. At least, that is the approach to the job.

Senator KNOWLAND. Have you mechanized your operation much?

Mr. TOUCHET. The work is most thoroughly mechanized. In our Accounting Operations Division, we have an operation which I think would compare most favorably with anything in the country, the best management methods, the most advanced machinery, and yet with it all we attempt to keep the human touch in the job.

Senator KNOWLAND. When was the money line? Is that the money you had to operate on?

Mr. TOUCHET. That is the cost of the personnel. That does not keep down as low because you can see the effect of pay increases.

PRINTING AND BINDING

The committee's action on the estimates for travel, printing and binding, and miscellaneous expenses, however, clearly did not take these factors into account. This may have resulted from the fact that these estimates were presented on an agency- or administration-wide basis, and the requirements of the Bureau were not singled out for separate examination.

In both of these categories, the reason given was the other reductions in the budget requests. There were, of course, no reductions in the personnel services to tie in with that. Printing and binding was reduced from \$719,000 by \$290,000, to \$429,000, and it contained an item for printed forms, tabulating cards, and tabulating forms, which

are used in handling the Bureau's regular work load. Ninety-three percent of that \$719,000 was taken for that item alone, the amount of \$688,099.

These tabulating cards are used to record the wages of employees upon which their insurance is based, and as they are reported quarterly by employers, there are hundreds of millions of these cards necessary each year. As a matter of fact, we receive about 185,000,000 wage items to record on ledger sheets every year. Each one of those requires at least one card. Of course, more cards are required, summary cards, and so forth, to properly account for the wages. As a matter of fact, that is perhaps the largest bookkeeping installation in the world.

The amount recommended by the House committee, as you will see, of \$429,000 comes quite far from even supplying us with needed tabulating cards and forms we need, which would cost \$688,099 at the previous prices. Within the past month, however, we have been forced to pay 83 cents a thousand for tabulating cards, whereas the price before was 65 cents. The difference was not included in the amount requested. It was not foreseen, of course.

MAINTAIN THREE-MONTH INVENTORY OF FORMS

Senator KNOWLAND. What kind of an inventory do you carry?

Mr. TOUCHET. It is low. We keep it as low as possible, about a 3-months' inventory.

Senator KNOWLAND. Has that been the customary practice?

Mr. TOUCHET. Yes; that is about the minimum we can keep. If we should have a failure of delivery, 4,500 people will be thrown out of work. It would be poor economy to reduce that inventory any further than that.

Mr. WYNKOOP. We had several experts from the Bureau of the Budget and the Government Printing Office go into the problem of inventories of tabulating cards. They represent a storage problem as well as a purchasing problem. They came to the same conclusion we had reached, a 3-months inventory was about the absolute minimum we could have and still assure delivery.

Senator KNOWLAND. That is what you keep. Does the Printing Office keep an inventory of tabulating cards also?

Mr. WYNKOOP. No, sir; but we have to place our printing orders through the Government Printing Office.

APPROPRIATION REQUESTS IDENTICAL WITH AMOUNTS ALLOWED BY BUREAU OF BUDGET

Senator YOUNG. I might add, Mr. Chairman, the Bureau of the Budget must have more brains than Daniel Webster. I notice in every appropriation here, they are asking for exactly the same appropriation as the Budget Bureau allowed, no more, no less. It would seem to me that some department of the Government could figure on some economy in some item. I fail to find one item where they could save a few dollars. There is always that same figure that the Bureau of Budget allows.

I am not thinking of your particular set-up, but it would seem to me many of these departments would be on much stronger ground in

the Senate Appropriations Committee if they could come in and say, "We could save a little here, or some other place." You might have some more there, but there is always this budget figure.

COMMENT ON POSITION TAKEN BY DEPARTMENTS IN SEEKING
APPROPRIATIONS

Senator KNOWLAND. I agree with the Senator from North Dakota. I think the case of a good many of these agencies would be a lot stronger if they would come in here and be willing to differ a little from the budget estimates. I am under no illusions on the situation. I think a lot of the agencies have requested more funds from the Budget Bureau than the Bureau allowed because they felt at the time they requested it they could use those funds to advantage. It is perfectly proper and natural that an agency and an agency chief should be interested in doing the best service job possible.

Then the Budget Bureau comes along and sets, say, an arbitrary amount. The hearings are held before the House and certain adjustments are made. The Congress certainly has an equal responsibility with the administration in setting these budget figures, if not a greater responsibility, and then you come over to this committee, which is trying to the best of its ability to give a fair hearing. We hear that drastic cuts have been made. Of course, we want to make adjustments, I think, where they are necessary. But when bureau after bureau comes in here and says, "We want the complete restoration of what the Bureau of the Budget recommended," it leads us to the impression that somewhere down the line word has been passed, "You must stand by the Budget Bureau figure."

I do not think that is particularly helpful to us in our work, and certainly I think that a great many of these agencies would fare much better if they would come in here frankly and say "We recognize you people have a problem, too, and in this particular agency it will just cripple us if this is done, but in this other one, why, we would like it; maybe you could see your way clear to give it. It is not of the priority one or a type of thing that agency B is."

I think we would all react far more favorably on that type of cards-on-the-table operation than what we have been up against.

I say this in no criticism of this particular group which is before us at this time, but as a general observation to every department and bureau which has come before this committee.

ARTICLE IN WASHINGTON POST

I would like to put into the record at this point an article which appeared, I believe, in the Washington Post, under the heading of "The Federal Diary." From what the chairman has learned from other sources, I believe it is an accurate bit of reporting. It is headed, "Agency Heads to Ask Budget Restoration:"

President Truman has ordered agency heads whose 1948 budgets are slashed by the House to appeal to the Senate for the full amount he recommended to Congress, it was learned yesterday. The order was made at last Friday's Cabinet meeting. At that time the President was given a first-hand report of the budget troubles his agencies are having with the House Appropriations Committee.

The President emphasized that he had recommended an honest and rock-bottom budget to the Congress, and he's reported to have ordered his Cabinet to work together as a team to protect it. Furthermore, the President is said to have warned against any attempt on the part of any Federal official to make an under-cover deal with the GOP-controlled Congress to get funds for his agency at the expense of another.

Since that time, Labor and other departments have relayed the President's warning down to division chiefs and other officials who deal with Congress on money matters.

At the Cabinet meeting, Secretary John Snyder reported in detail on the cuts in both functions and in personnel that must be made in the Internal Revenue, Coast Guard, Secret Service, and the Customs Service if the House-approved budgets stands. Under Secretary Keen Johnson told of the 43 percent cut in money and the 40 percent personnel slash voted the Labor Department by the House.

Commerce Secretary Harriman is said to have told the President that he had been told by Republican House Members that the Commerce budget would be cut about 40 percent. He predicted vigorous protests to the Congress from the country over if that happens. Secretary Krug reported that he anticipates deep slashes in the Interior budget in power and irrigation work.

Senator YOUNG. Commencing with these hearings, I was under the impression the House was very drastic in their cuts. I was hopeful that many of these appropriations could be restored, in a lot of cases in full but the witnesses have not been of any help to us at all. I am more befuddled than I was before. I do not know where I could help you. We could not go back to the House and say, "We will restore everything." They would say to us, "We are going to sit tight," and you would probably wind up with nothing. If these various departments would come in and try to help us and say, "This is No. 1 and this is No. 2," it would be of some help to us. However, witness after witness has said, "We want the Budget figure, no more, no less."

It is not reasonable the figures set several months ago would be so exact there would not be a dollar's change in the last few months.

Senator KNOWLAND. You may proceed.

Senator YOUNG. I also want to say that I am not picking on your particular set-up.

Mr. TOUCHET. I am tempted to ask for that \$80,000 in order to make up the difference between 65 cents and 83 cents for the tabulating cards, but I just do not think I ought to do it.

TRAVEL COSTS OF BUREAU OF OLD-AGE AND SURVIVORS INSURANCE

On the travel performed in the Bureau of Old-Age and Survivors Insurance, the travel estimate was reduced from the \$641,300 to \$513,000. The travel performed in the Bureau of Old-Age and Survivors Insurance is almost entirely necessary for its day-to-day operations and is directly related to work loads, principally that of new claims received. It is performed principally to go to 1,800 itinerant points in cities where we do not have field offices, to take claims from old people, retired people, who cannot get to a regular field office. It is a job we just have to do. We have to meet dates on it, because unless we get their claim, these retired old people lose benefits.

The amount of \$513,300 recommended by the committee for this purpose is less than the amount which will be required in the current fiscal year, while the claims work load in 1948 will increase 15.1 percent over 1947.

MISCELLANEOUS EXPENSES

Miscellaneous expenses were reduced to \$3,026,100 from an estimate of \$3,288,900. While the estimates for miscellaneous expenses included provision for a certain amount of increase in prices and rentals, actual prices experienced in fiscal year 1947 have already extended beyond the contemplated level.

The reduction by the House, added to the growing deficiency in the estimate because of price increases, will make it impossible to provide necessary space, equipment, and services for the staff required and approved to process the 1948 work-load.

In this respect, of course, if we do not ask for more it means we have to find economies to make up for these increases in prices, and it is a substantial item.

The Bureau has made real economies in these categories of expenses as well as in personal services.

The over-all travel cost per claim has been reduced from \$2.67 in 1941 to an estimated 65 cents in 1948.

Printing and binding costs per unit of work to be processed in 1948 are only 60 percent of the cost in 1941.

By the way, we took that 1941 year as the base because it was the first full year after we began to pay monthly benefits. We began to pay benefits in January 1940. So we took the first fiscal year in which we paid monthly benefits. It was also the last prewar year.

INCREASES REQUESTED

We are, therefore, requesting the restoration of these amounts in 1948 for each of these items: \$262,800 for miscellaneous expenses, \$128,000 for traveling expenses, and \$290,035 for printing and binding.

Senator KNOWLAND. Are there any further questions?

Senator DWORSHAK. I would like to get a little clarification. I find \$700,000 in the House bill is from the general fund, and the balance of \$34,909,700 is authorized to be expended from the Federal Old-Age and Survivors Insurance trust fund.

FIELD STAFF

In looking at the 1948 bill I find you have a total field staff of 4,855 persons. I cannot quite get the connection. Why do you need so many people in the field? How is that carried out?

Mr. TOUCHET. This program provides benefits to employees who retire at 65 or over.

Senator DWORSHAK. I understand that; but why do you need nearly 5,000 people? What is the application of that?

NUMBER OF OFFICES NEEDED

Mr. TOUCHET. Geographical spread. We need 460 offices throughout the country in order to get to the people. As a matter of fact, that force does not get to the people either. We have 1,800 itinerant points to which we travel; that is, employees of these field offices travel to these points in their area in order to take and adjudicate the claims and to call upon employers in connection with improperly reported wage records. As a matter of fact, we are required to spend about \$3,000,000 a year to correct errors made by employers.

These wage records are essential to the employees because it is upon them that their claims are eventually based; that is, both for eligibility and determination of the amount of benefit. The benefits are graduated to the earnings of the employee.

AMOUNT OF RESERVE FUND

Senator DWORSHAK. You must have a huge reserve fund here in Washington, a trust fund, with the funds that are used for this activity. What is that amount?

Mr. TOUCHET. That is about \$8,000,000,000.

Senator DWORSHAK. The States have no connection whatsoever with this, like they do with the unemployment service. So, there are no credits to the States. This is entirely 100 percent Federal operation.

Mr. TOUCHET. That is right.

Senator DWORSHAK. You have \$8,000,000,000 in your trust fund.

Mr. TOUCHET. Yes, sir.

Senator DWORSHAK. That has been increasing rapidly throughout the war years.

Mr. TOUCHET. Yes; but of course——

Senator DWORSHAK. There is not the same relation to that that there is to the unemployment, because people will grow older in war-time as any other time.

Mr. TOUCHET. That is right, but Congress has not permitted the tax rate increase, so that amount of money is not a large amount of money.

Senator DWORSHAK. What was the trust fund 5 years ago?

Mr. TOUCHET. You can see how rapidly our benefits increase. We started paying benefits in January 1940.

BENEFIT PAYMENTS SINCE 1937

Senator DWORSHAK. Do you have the benefits by years since the initiation of this program?

Mr. TOUCHET. We can provide that.

Senator DWORSHAK. Is that a thing to put in the record, Mr. Chairman?

Senator KNOWLAND. Yes.

(The information is as follows:)

Benefit payments since 1937

<i>Fiscal year:</i>	<i>Total benefit payments</i>
1937 ¹ -----	\$26, 969
1938 ¹ -----	5, 000, 000
1939 ¹ -----	14, 000, 000
1940-----	16, 000, 000
1941-----	64, 000, 000
1942-----	110, 000, 000
1943-----	149, 000, 000
1944-----	185, 000, 000
1945-----	240, 000, 000
1946-----	321, 000, 000
1947 (estimate)-----	423, 000, 000
1948 (estimate)-----	507, 000, 000

¹ Lump-sum benefits only.

BENEFITS PAID IN 1946

Senator DWORSHAK. What is the amount for the past year you have there, 1946, in full?

Mr. ERISMAN. In 1946, we paid \$321,000,000 in benefits. In 1947, we will pay approximately \$423,000,000. In 1948, it will be approximately \$507,000,000.

REASON FOR INCREASES IN PAYMENTS

Senator DWORSHAK. What is responsible for the jump?

Mr. TOUCHET. When a person comes on the rolls at 65 or later, and often later because when employment opportunities are good, he waits until he is practically disabled before he retires, he has a life expectancy of 12 to 15 years. So long as he does not return to work, he stays on there. The benefit rolls therefore continue to increase.

Mr. ERISMAN. This chart will show you the increase in beneficiaries on our rolls.

Senator DWORSHAK. During the war period, when there are a great many employment opportunities, the older people remain on the pay rolls and do not qualify for this assistance.

Mr. TOUCHET. Yes. It sort of makes us a postwar agency, in a sense.

Senator DWORSHAK. When the employment opportunities diminish, then there is a greater demand for this Federal aid.

Mr. TOUCHET. That is right. At the time the war ended we had a backlog of a million people who would have been eligible for benefits had they ceased work.

GOVERNMENT SECURITIES COVER AMOUNTS IN RESERVE FUNDS

Senator KNOWLAND. In order to keep the record clear, when you speak of this trust fund, the other being as I recall some seven billion and this eight or nine billion dollars, which is a different type of situation, or a total of some fifteen or sixteen billion dollars, do you mean that the cash of that amount is kept available, or Government securities are kept available, or that that amount is merely set up on the books as being to the credit of the Old Age Security and in the other case of the Unemployment Compensation?

Mr. MITCHELL. The Government securities are kept available, Senator. The money as it is collected in cash is turned over to the Treasury Department. At periods of time it is converted into bonds bearing the average rate of Government securities as of approximately that time.

Senator KNOWLAND. So there is in the so-called trust fund Government securities covering those amounts?

Mr. MITCHELL. That is right.

Mr. WYNKOOP. Which up to last November earned \$685,000,000 in interest.

INTEREST PAID ON RESERVES

Senator DWORSHAK. What rate is the interest paid at?

Mr. WYNKOOP. It is at the prevailing rate of interest. That varies from time to time. I believe it is now 2.046 percent.

Mr. MITCHELL. It is over 2 percent.

Senator KNOWLAND. The only point I want to bring out is that as long as the Government maintains a solvent position so that the Government securities are good, the trust fund is solvent. If the Government ever gets in a position where its securities are not good, the trust fund is like a great many other institutions and you would have a headache.

Mr. MITCHELL. Yes, sir.

Senator KNOWLAND. So that, for that reason, when we try to maintain a balanced budget for the Federal Government, we are protecting the trust fund set up for old-age security and unemployment insurance.

Senator DWORSHAK. In view of the fact that I have invariably asked the representatives of the various agencies and bureaus coming before this subcommittee for information concerning the possibility of increasing their workload, I think it would only be logical for me to commend your group because apparently this is the first agency which has come in here with any tangible evidence of the fact you have increased your workload and have not actually increased your personnel each year. I think you deserve some commendation, not that you could not still do a better job, but you are continuing with an efficient operation after the war and intend to increase that workload constantly so that you will diminish the cost of administering this program, is that right?

Mr. TOUCHET. Yes; thank you.

PERSONNEL ENGAGED IN PUBLIC RELATIONS WORK

Senator KNOWLAND. Just one other question. You can supply it for the record, but I would like you to check each of the agencies under your particular division and let us have the number of people doing public relations work, if any, and also supply the committee with the press releases for the month of March in each case.

Mr. TOUCHET. Yes, sir.

(The information requested appears on pp. 839, 855.)

Senator KNOWLAND. If that is all, we will recess until tomorrow morning at 10 o'clock.

(Thereupon, at 4:45 p. m., Tuesday, April 15, 1947, a recess was taken until Wednesday, April 16, 1947, at 10 a. m.)

LABOR-FEDERAL SECURITY APPROPRIATION BILL, 1948

WEDNESDAY, APRIL 16, 1947

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D. C.

The subcommittee met at 10 a. m., pursuant to adjournment in the Senate Appropriations Committee Room, the Capitol, Senator William F. Knowland presiding.

Present: Senators Knowland, Ball, and Dworshak.

Senator KNOWLAND. The hour of 10 o'clock having arrived, the committee will come to order.

The first witness this morning is Mr. Eugene Meyer.

FEDERAL SECURITY AGENCY

PUBLIC HEALTH SERVICE

STATEMENT OF EUGENE MEYER, PUBLISHER, THE WASHINGTON POST, WASHINGTON, D. C.

MENTAL HEALTH ACTIVITIES

Mr. MEYER. Good morning, Senator.

The subject of mental health has been discussed in the hearings in the Senate and in the House in connection with legislation in 1945 in the House, and 1946, in March, in the Senate.

I am not going to go into a full discussion of the fundamental backgrounds which have already been presented so fully and capably.

Acceptance has been made of the propriety of Federal funds for the promotion of research and training in the field of mental health.

I am addressing myself this morning to the question of the reduction from 2½ million to \$1,400,000, the difference of a little over a million dollars, with the hope that that may be restored.

I wrote you a letter, Senator, and may I read my letter into the record?

Senator KNOWLAND. Yes.

COMMENT ON MENTAL HEALTH

Mr. MEYER. This letter is dated March 29, 1947.

MY DEAR SENATOR KNOWLAND: The bill for Federal Security appropriations for 1948 of the House of Representatives, now before your committee, includes an item for "Mental hygiene services." Until last June I was president of the National Committee for Mental Hygiene and appeared on behalf of legislation

for mental hygiene before committees of the House and Senate in 1945 and 1946, respectively.

The budget recommendation for training and grants covering research and training was \$2,500,000. This was reduced to \$1,400,000 by the House. An item of \$3,000,000 to be given in grants to States to be distributed by them for mental hygiene was retained in full.

Mental health has been the most neglected of all the ills that afflict our people. Thirty to forty percent of the Army rejections were due to mental conditions. Fifty percent or more of the discharges from the Army for medical causes were described as psychiatric. Fifty percent of the hospital beds in institutions in the United States, governmental and private, are said to be occupied by mental cases. One-third of the expenditures of New York State, outside of interest and sinking fund on debt, is expended for care of mental afflictions.

What is particularly needed now is training to take care of these cases. The institutions are woefully deficient in competent medical and nursing personnel to meet the situation. The modest amounts proposed by the budget—and I call them modest in proportion to the need—seem to me to be more than justified, and I hope you may be willing to restore the total amount to the figures of the budget recommendations.

I know the need for cutting expenses and I know it has to be done sometimes where it hurts. But, also, it is necessary to use a wise discretion in spending money which will save much greater expenditures. Trained personnel will reduce the number of cases and the burden of expenditures.

I am taking the liberty of enclosing a copy of the short statement made by me before the Public Health Subcommittee of the Interstate and Foreign Commerce Committee of the House of Representatives on September 19, 1945.

I sent a copy of that letter, Mr. Chairman, to General Kirk, Surgeon General, just as a matter of information, and because in the war days I was on an advisory committee by his appointment.

I received a reply that I would like, with your permission, to read for the record.

Senator KNOWLAND. Yes.

OBSERVATIONS OF THE SURGEON GENERAL

Mr. MEYER. This letter is dated April 2, 1947, and was sent to me by Gen. Norman T. Kirk, the Surgeon General.

Your secretary was good enough to send me a copy of your letter to Senator Knowland and your testimony before the Public Health Subcommittee regarding H. R. 2550. The subject under discussion in both of these inclosures pertained to research, education, and practice in the field of psychiatry.

I am personally in accord with you in your testimony and your letter to the Senator that psychiatry has more or less been a stepchild of medicine, that too little interest has been taken in this subject in medical education, and that too little training has been given the doctor in this specialty during his undergraduate courses. Likewise, I agree that too few doctors have continued in this specialty in graduate training. In other words, the mental health of the Nation has been neglected in the past and it is essential that something be done immediately to correct this error.

It is easy to see with our eyes, Mr. Chairman, many of the afflictions that beset our people. Many of these afflictions, such as infantile paralysis and tuberculosis and even cancer are obvious to people observing people of their acquaintance, or friends, or members of the family.

IMPORTANCE OF MENTAL HYGIENE

The field of mental hygiene, which I think is only second to only one other affliction in numbers of people involved, is less obvious.

NEED FOR EMPHASIS ON MENTAL HEALTH CONDITIONS

Instead of enlisting the sympathy in a big way like infantile paralysis, sometimes instead it enlists the antipathy. Afflicted people may be regarded as queer. Sometimes other people react in no friendly way.

The infantile paralysis funds reach vast quantities of resources for the benefit of and the care of the people who are afflicted.

I happen to know about tuberculosis because I am a member of the advisory committee on the advertising council which is going to have a campaign on a very big scale to get broader interest and funds.

Cancer has been a favorite subject of bequests and funds have been made available from many sources. A great public campaign for funds is now in progress.

There is constantly going on in our scientific institutions research on that subject.

CONDITIONS NOTED AT FORT KNOX AND IN FLORIDA

I personally visited reconstruction hospitals at Fort Knox, and down in Florida, a great aviation reconstruction center. I spent 2 days in one of them, and 1 day at the other. I feel for those boys there was a totally inadequate personnel.

In one mental institution I read a report that there were 5,000 cases under the care of five doctors. When it comes to mental health, it takes time and numbers of people.

Now, in this desire to get restored the Budget appropriation, I am not decrying cancer, tuberculosis, or any other affliction. I only want to say a word in favor of this restoration of this \$1,100,000 for training in mental health as an expenditure that would lead to a very vast economy and relieve more suffering as a result of that training that I can imagine any other similar expenditure would yield.

I would like to suggest, if I may, that possibly you might want to have General Kirk discuss the subject. He is not, as you probably know, a technician in psychiatry.

There is another man in the War Department that I met here that you might well call if you want a man of great ability, great character, and great devotion to his service. That man is Maj. Gen. Howard M. Snyder, in the Inspector General's office.

I have not discussed this suggestion of mine with him, but he would give you, from the vantage point of the Inspector General's office, and the medical experience that he has had there in that office, which is very general and broad, I think a convincing picture of the need for this particular \$1,100,000.

QUESTION AS TO MENTAL HEALTH ACTIVITY IN THE STATES

Senator KNOWLAND. Have you any information, Mr. Meyer, as to what is being done in this field in the various States?

Mr. MEYER. I have this feeling, Senator: They are all doing what they can, but they have not got the people and they cannot get them. There were only 2,200 psychiatrists qualified in the United States when

the war broke out. You can imagine how totally inadequate that was when, I think it was, 38 percent of the rejections in the Army draft were for that defect, and a larger proportion of the discharges were for psychiatric causes.

NEED OF RECOGNITION BY MEDICAL SCHOOLS

I blame the medical schools a great deal because of their delay in recognizing the field of mental health in their educational programs.

The reason, I think, is the same reason that has retarded some of the most important action in the public interest in the past in other directions. Why did not aviation get recognition when Billy Mitchell recognized it? Why? Because the old-timers who were at the top in power did not know anything about it. The young fellows like Hap Arnold and Billy Mitchell and that whole crowd were young fellows without power. It was very disturbing for the old-timers to have to learn about something new.

It meant work, having graduated from West Point and Annapolis, without knowing anything about aviation. They would have to learn about it, and they didn't want to work to do so.

Well, you have seen it in this field of medicine. The old men went to medical school, and they were working along with the educational knowledge they acquired. There was no psychiatry there.

BUDGET OF MENTAL HYGIENE COMMITTEE

The Mental Hygiene Committee, of which I was president for a year, has a paltry budget of about \$60,000 a year. They do wonderful work with the amount of money they get. They do get some grants from foundations for special work.

One of them is for training, a modest amount. That would take a few people.

There is no use in research if you are not going to get people trained to put the research to work.

Senator KNOWLAND. Have you any figures to show what the medical schools are doing in the country today? Is there a general recognition of the problem, and has there been an increase?

Mr. MEYER. Oh, yes, there is, but your question leads me to tell a little story.

I went up to the Mayos in Rochester with a friend of mine, and they were very nice to me. They gave me lunch one day, and all the big shots were there. They wanted to know all about Washington. I had been in all of the laboratories.

When we got all through, and we had a very interesting talk, I said, "I wonder if you would answer a question for me." I said I had visited a great many laboratories and seen a vast amount of research attached to the hospitals and in the laboratories.

I said, "Do you know of any research that has been conducted on research? Do you know here in this great research institution what research is going on elsewhere in the country?"

They do not know. They said they did not. I do not think anybody else does.

But I am sure of this: There is a great deal more research going on in other branches of medicine compared with the extent and im-

portance of problems of mental health. There is less research and training, and it takes time to treat patients. So, they have to have a number of people.

A great many medical students now going to the medical colleges are now going into this field, but that means time.

I think apart from what the \$1,200,000 would do, the recognition that the restoration of the budget recommendation, which is a modest one for the need, would give the whole profession heart and courage and pep.

They have a good deal to contend with, with other members of the profession who are not sympathetic because they were not educated in psychiatry when they were in medical school.

Senator KNOWLAND. Are the existing institutions pretty generally making use of the developments that have taken place in the electric-shock treatment, and so forth?

There is a recognition of the value of the development in the field of psychiatry now in hospitals which are not hospitals for mental health at all. It is generally accepted now that many medical cases have psychiatric involvements where they need specially trained people there in addition to the medical or surgical doctors.

So, it is really at the beginning of a great field that has been opening up with a great deal of resistance and objections.

I had a high officer in the service tell me there were no psychoneurotics in the Army. They were just square pegs in round holes. All you had to do was put the peg in another hole. In other words, the man was in the wrong job, and you had to put him in another job. He was very angry about it.

Any really intelligent man would laugh at that. Still he was in a powerful position to obstruct the psychiatric work in his service.

I think the recognition of the importance of the subject is a vital factor, and of course a million one hundred thousand is not going to cure the woes of many people. If you could train more people, you would save human suffering and great public expenditures.

I am not going into the whole subject, because it has been gone into by people more competent than I, Senator.

All I can say is that I have been interested in it for a long time. I have seen a lot of it here in the war, and since.

William White, who was head of St. Elizabeths here 30 years ago, and who started what they call the Psychoanalytic Review, which is a very substantial publication, was a friend of mine.

I used to spend much time with him.

I know a great development is coming and I think it ought to be one of the things that you ought to help in.

Senator KNOWLAND. Thank you.

STATEMENT OF HON. CLAUDE PEPPER, A UNITED STATES SENATOR FROM THE STATE OF FLORIDA

ACTION ON MENTAL HEALTH LEGISLATION BY SEVENTY-NINTH CONGRESS

Senator KNOWLAND. Senator Pepper?

Senator PEPPER. Mr. Chairman, in the last Congress, there was a House bill, H. R. 2700, which, as finally enacted in the Senate, pro-

vided for additional assistance in trying to meet the mental health problems of the country.

I was cointroducer of a companion bill in the Senate. The House bill was the one finally adopted by the Congress. That bill established a National Mental Health Advisory Council in the National Institute of Health, to assist the Surgeon General in planning and developing a mental health program, including recommendations to the Surgeon General as to grants-in-aid for research projects.

PUBLIC HEALTH SERVICE FUNCTIONS EXPANDED

It authorized the Public Health Service to provide training, instruction, and demonstrations in mental health fields, and to make grants to public and private institutions for this purpose.

INCREASE IN AID TO THE STATES

It increased the authorization in the laws then existing for the Public Health Service to make grants to the States for general public health services from \$20,000,000 to \$30,000,000, with recognition of the mental health problem in the making of such grants.

NATIONAL INSTITUTE OF MENTAL HEALTH

It authorized not over \$7,500,000 for construction of buildings and facilities to be known as the National Institute of Mental Health to serve as the national center for research, experimentation, advanced and specialized training, and as a clearing house on information collection and dissemination in this field.

RESULT OF APPROPRIATION REQUESTS

The House, in the appropriation bill succeeding that authorization act made no appropriation at all for this bill.

The Senate Appropriations Committee, however, approved \$4,358,000, of which \$2,380,000 was earmarked for grants to the States under section 9 of the act.

The Senate Appropriations Committee recommended \$850,000 for the acquisition of sites, drawings, and specifications for the building I have described, here in Washington.

The Senate approved these recommendations of the Appropriations Committee. The matter went to conference with the House. The conference report eliminated any appropriation whatever for the support of the purposes of this act I have just described, H. R. 2700.

The Mental Health Division of the Public Health Service therefore had no funds upon which to operate, and had to borrow a few persons from other divisions to start a small skeleton program.

GREENWOOD FOUNDATION GIFT ENABLED SOME ACTIVITY

On the basis of a gift of \$15,000 from the Greenwood Foundation, of which J. H. Whitney is president, it was made possible to hold two meetings of the advisory council in Washington, and to pay the travel expenses of the Division Director to see a few experts and State authorities.

However, for all practical purposes there was not any way to get the program under way which the Congress had authorized.

BUDGET RECOMMENDATION FOR 1948

This year the President recommended in the budget, \$5,108,000 for hospitals, research, training, and administration.

That has to be administered under the Public Health Service.

He also recommended \$3,000,000 for grants to States. We authorized an increase up to \$10,000,000 in the amounts to the States; \$850,000 was recommended for the building sites, acquisition of the sites, drawing of the plans and specifications to prepare it for future construction.

The House of Representatives has the \$850,000 item for the site in the FWA appropriation, as recommended by the budget.

The House bill also carries the \$3,000,000 for grants to the States as recommended by the President's budget.

INCREASE REQUESTED FOR GRANTS TO STATES

I want at this point to say that I wish it were possible for this committee, in its wisdom, to see the necessity of supporting the authorization of the Congress in the last Congress' enactment on this subject, and raise the amount from \$3,000,000 recommended by the budget to the \$10,000,000 authorized by the Congress for aid to the States in this research program.

I think some of the others who will appear here will give some very good justification as to why that should be done.

HOUSE ACTION ON APPROPRIATIONS FOR HOSPITALS, RESEARCH TRAINING, AND ADMINISTRATION

Insofar as the President's budget recommendation is concerned, the House has conformed in respect to the building site funds, and \$3,000,000 for grants to the States. But in respect to hospitals, research training, and administration, the House has cut \$1,800,000 off the President's budget recommendation.

Mr. Chairman, Dr. Stevenson of the National Institute of Mental Hygiene, I may say, has been interested in this hearing, and in this program, and he has been in contact with me about it. He was very anxious to have Mr. Eugene Meyer, who has been helpful and forward looking in that field, to come here today. No doubt Mr. Meyer has stated largely the point of view of Dr. Stevenson, and the National Institute of Mental Hygiene.

The chairman will well know that in the hearings we have had on this legislation with the Veterans' Administration, who will be represented here today by Dr. Blain, and the War Department, the medical services of the country and the public generally came out and made a magnificent testimonial for this legislation.

Senator Taft took an active part in it, and he and I, you might say, worked out in the Senate Committee on Education and Labor these authorizations of the additional \$10,000,000 for grants to the States, and \$7,500,000 for acquisition of the sites and over-all construction of the building.

SCOPE OF VETERANS' PROBLEM

There is a colossal veterans' problem in this field. I think 100 times as much is being spent on the care of mental patients as is recommended here by the President.

On the \$3,000,000 recommended by the President for aid to the States in research of mental diseases, you know there has been a great increase in this field in late years.

I think at this point, Mr. Chairman, it would be far better to hear Dr. Blain of the Veterans' Administration, if you have no other plan.

Before you hear Dr. Blain, I have a letter which has been received from Dr. Stevenson with an attached statement, and I request that it be incorporated in the record at this point.

Senator KNOWLAND. It will be incorporated at this point.

(The letter and statement referred to are as follows:)

THE NATIONAL COMMITTEE FOR MENTAL HYGIENE, INC.,

New York 19, N. Y., April 10, 1947.

SENATE APPROPRIATIONS COMMITTEE,

United States Senate, Washington, D. C.

GENTLEMEN: I had anticipated making a statement before the Senate Appropriations Committee in connection with the budget designed to implement the National Mental Health Act under the United States Public Health Service. However, I am having to leave immediately for the west coast, so I am submitting a copy for inclusion in the testimony.

In passing upon this budget the House reduced the amount requested for training from \$2,000,000 to \$1,000,000. In view of the seriousness of this reduction with respect to the Federal and State programs in the mental hygiene field and those of the Public Health Service, Veterans' Administration, Vocational Rehabilitation, and Children's Bureau, I am presenting some facts that I believe the committee will be interested in taking into account.

Sincerely yours,

GEO. S. STEVENSON,
Medical Director.

P. S.—I have discussed this matter with Dr. Thomas A. C. Rennie, associate professor of psychiatry at Cornell University Medical School, New York City, who would be glad to go to Washington to testify late Tuesday morning. This is the only time that he has free so that if it is possible for him to appear, I would appreciate your notifying him.

STATEMENT OF DR. GEORGE S. STEVENSON, MEDICAL DIRECTOR, THE NATIONAL COMMITTEE FOR MENTAL HYGIENE, FOR INCLUSION IN THE TESTIMONY OF THE SENATE APPROPRIATIONS COMMITTEE

The immensity of the need for mental hygiene services for personnel and for discovering ways of treating the mentally ill were well portrayed in the hearings of the Senate Committee on Education and Labor prior to the passage of the National Mental Health Act and are embodied in a magnificent document covering these hearings.

The 600,000 mentally ill in our hospitals are to a large extent receiving only asylum, and not too good asylum at that. The 400,000 of the same type who are not in mental institutions are simply lodged in jails, almshouses, and back rooms of their homes or allowed to remain at large. The most conservatively estimated 1,400,000 mentally deficient whose main burden is that they can't learn as well as the rest of us the given little preparation for a life that is within their capacities. They are subjected to the pressures of neighborhood and failure in school that turn them into dependents and often into delinquents. There are the untold numbers of emotionally ill, that is, psychoneurotic persons who by the most conservative estimate comprise 3 percent of our population. A recent hint as to a way of securing psychiatric help, offered in a syndicated advice column, brought forth over 1,500 appeals, pathetic appeals, for personal help from nearly every State in the Union. These cases get worse and worse through neglect only to

swell the rolls of the unemployed and the chronic invalids. There are the uncounted cases of psychopathic personality whom we really do not know what to do with at present. We let them get into more and more difficulty with the law until criminal action, hoboism, and addiction takes them out of our midst. They do not belong in the ordinary run of society wherein they may follow their own devices. But how should they be treated? We do not know. For them research may give us an answer. There are the epileptics who are usually placed in institutions meant for other types of disorder where they continue to be stepchildren. There are the alcoholics who are more often treated as sinners than as sick persons.

These are the gross problems that are found in every community, large and small, and every rural county in the country. There are many persons who are on the way toward entering the ranks of these groups. One person in twenty at the age of 15 may be expected at some time to reach that extreme that requires him to become a patient in a mental hospital.

We know certain things that we ought to be doing about these unfortunate members of society. They should be treated by nurses instead of being trussed up with strait-jackets. But nurses are too few. For certain problems they should be given insulin treatment, but the shortage of doctors and nurses forces many hospitals to use much less appropriately electroshock treatment instead.

We know that as patients recover in mental hospitals and return to their communities they should frequently avoid the type of work that they have been doing for this contributed to their break-down. But personnel has not been available to the States so that they could take advantage of the Vocational Rehabilitation Act and help retrain these patients for new careers. This would be good insurance on the immense expenditure of the State in getting them well.

We know that practically every case that appears in a mental hospital has been known to his family doctor and to others in the community as a problem for a considerable length of time. Patients could have been treated but the community does not have clinics because it does not have personnel. Its general doctors are not trained to deal with these problems because their medical schools did not have personnel and because there is now no personnel to meet them on their own ground and bring knowledge to them.

We know there are many patients in our mental hospitals who could today be placed outside of these hospitals as boarders in the more wholesome atmosphere of family life, but to do this safely requires supervisory personnel that does not exist.

We know that our institutions for mental deficiency are crammed to the attic with custodial cases because there has not been sufficient trained personnel to guide them back into safe and productive life in the community. Consequently these institutions cannot receive younger cases who should come in for temporary periods of training.

We know that in a great State like New York a very high percentage of the social service personnel in its mental hospital system is untrained and that most States do worse than New York.

The Veterans' Administration is short of personnel and community clinics are short of personnel, and so the Veterans' Administration cannot contract with them to give men the service in their own communities that is best for them. These men are instead forced to go far from home and live in a hospital which is often not the best way of handling their problems.

In the National Committee for Mental Hygiene there are seven men now in training for psychiatric work with children. The Mental Health Advisory Council has sanctioned the training of 20. The full use of our present resources for such training would in the coming year allow us to train approximately 30, which is almost equal to the number of vacancies that now exist in clinics. The general hospital is, as a rule, ignoring emotional conditions that prolong illness and interfere with treatment and which sometimes actually create the illness. All of this because there is insufficient personnel. It is to remedy this that \$2,000,000 is requested for training. This \$2,000,000 is obviously a good investment and wise economy; it is the keystone of the arch. Without it service and research tend to break down. Appended are tables showing the vacancies in this field that are now before the National Committee for Mental Hygiene. This is far from the total picture.

Vacancies for psychiatric social workers (non-Federal)

Colorado	1	New York	9
Washington, D. C.	2	North Carolina	1
Indiana	3	Ohio	1
Kentucky	1	Pennsylvania	2
Louisiana	1	Washington	1
Massachusetts	1	Wisconsin	1
Michigan	6		—
New Jersey	4		34

Vacancies for psychologists (non-Federal)

Connecticut	6	Ohio	1
Georgia	2	Pennsylvania	2
Indiana	2	Tennessee	1
Kentucky	1	Texas	2
Michigan	1	Washington	1
New Jersey	3		—
New York	15		37

Vacancies for psychiatrists in child guidance clinics

California	4
Mount Zion Hospital	
Children's Hospital	
Juvenile Hall	
Los Angeles Child Guidance Clinic	
New Jersey	3
Montclair	
Plainfield	
Englewood	
Ohio	2
Akron	
Cincinnati	
Colorado	1
Colorado Springs	
Pennsylvania	2
Reading	
Scranton	
Connecticut	1
Waterbury	
New York	4
Utica	
Buffalo	
Westchester (2)	
Massachusetts	1
Worcester	
Indiana	4
Department of Public Welfare	
Maine	1
Portland	
Oregon	1
Portland	
Kentucky	1
Louisville	
Michigan	1
Kalamazoo	
North Carolina	1
Charlotte	
Texas	1
Dallas	
Washington	2
Department of Mental Health, Seattle	

Present centers used for training psychiatrists for child guidance clinics

Philadelphia Child Guidance Clinic, Philadelphia, Pa.....	2
Judge Baker Guidance Center, Boston, Mass.....	1
The Guidance Center, New Orleans, La.....	1
Children's Service Center, Wilkes-Barre, Pa.....	1
Mental Hygiene Clinic, Louisville, Ky.....	1
Amherst H. Wilder Child Guidance Clinic, St. Paul, Minn.....	1
Baltimore Child Guidance Clinic, Baltimore, Md.....	0
Central Clinic, Cincinnati, Ohio.....	0
Cleveland Guidance Center, Cleveland, Ohio.....	0
Bureau of Mental Hygiene, Hartford, Conn.....	0

As reported to the National Committee for Mental Hygiene geographical distribution of psychiatric vacancies (PPPS file) (approximate), Apr. 10, 1947

Alabama.....	6	New Jersey.....	16
Arkansas.....	10	New York.....	106
Arizona.....	2	North Carolina.....	74
California.....	45	New Hampshire.....	2
Colorado.....	1	New Mexico.....	1
Connecticut.....	53	North Dakota.....	1
Delaware.....	9	Ohio.....	48
District of Columbia.....	18	Oklahoma.....	4
Florida.....	4	Oregon.....	8
Georgia.....	24	Pennsylvania.....	113
Illinois.....	62	Rhode Island.....	13
Indiana.....	25	South Carolina.....	4
Idaho.....	4	South Dakota.....	3
Iowa.....	17	Tennessee.....	11
Kansas.....	6	Texas.....	46
Kentucky.....	17	Utah.....	2
Louisiana.....	6	Vermont.....	10
Maryland.....	39	Virginia.....	19
Massachusetts.....	45	Washington.....	37
Maine.....	3	West Virginia.....	10
Michigan.....	35	Wisconsin.....	17
Minnesota.....	11	Hawaii.....	3
Missouri.....	13	Puerto Rico.....	2
Mississippi.....	10		
Montana.....	3		
Nebraska.....	13	Grand total.....	1,031

A follow-up last September of the 155 approved institutions (AMA list) gave: Training vacancies for balance of 1946, 233; estimated, 1947, 234. Positions vacancies for balance of 1946, 266; estimated, 1947, 68. (These positions included in the above.)

STATEMENT OF DR. DANIEL BLAIN, CHIEF, NEUROPSYCHIATRY DIVISION, UNITED STATES VETERANS' ADMINISTRATION

VIEWS ON IMPORTANCE OF MENTAL HEALTH TO THE NATION

Senator KNOWLAND. We will hear from Dr. Blain now.

Dr. BLAIN. All those working in the mental-health field have an interest in this bill, believing that it means much to the greatest medical problem of the Nation—the problem of mental disease and personality disorder—a problem which touches every individual, or the family of every individual in the Nation, from the highest to the lowest in authority, importance, or income.

I come as a qualified expert in mental illness and personality disorder, certified by the American Board of Psychiatry and Neurology,

and for the past 16 months head of the Division of Neuropsychiatry, Department of Medicine and Surgery, Veterans' Administration.

I am consultant to the National Committee for Mental Hygiene.

This followed 4 years in the armed services and 10 years of private practice in this specialty.

I am here on invitation of this committee, and as a private individual—not as an official of the Veterans' Administration.

I come for two reasons:

1. I believe the experience gained from attending most of the psychiatric meetings of the country, and from actively trying to solve the psychiatric problems of some communities and some medical schools furnishes information of value to this committee; and

NEED FOR LONG-RANGE PLANNING FOR TRAINING AND RESEARCH

2. I want to state clearly that, in my opinion, money appropriated by Federal, State, municipal, and private agencies will not achieve their maximum effect unless long-range planning for training and research are given a high priority.

RESULTS OF SURVEYS

The Mental Health Act is designed to aid the entire population. Surveys show that general population had an estimated 8,000,000 persons who were suffering or had suffered from mental disease or personality disorder. They numbered almost 5½ percent of the total population.

This survey was made in 1939. The incidence has probably increased since then. The Metropolitan Life Insurance Co. states that 1 out of 20 persons will spend some time in a mental hospital. This means that if those of us in this room were a fair sample of our population, one or two of us here would enter a mental hospital eventually.

Of course, the great majority of cases come under the head of personality disorder which cripples rather than incapacitates, but which, unless treated, eventually creates serious disturbance.

Almost every family meets this problem sooner or later.

MAJOR PROBLEM IN LONG-RANGE PLANNING

In all mental health efforts with which I am acquainted, there are three obstacles which cannot be bridged today, and which therefore become the major elements in long-range planning. These are (1) shortage of personnel trained for mental disease problems; (2) lack of sufficient knowledge of these diseases for purposes of treatment and prevention; and (3) lack of community resources to handle cases out of hospitals and carry out a program of prevention.

Taking these separately:

TRAINED PERSONNEL

The matter of trained personnel in psychiatry is accentuated in a shift in emphasis from a long-time policy of custodial care to a new concept of therapy, rehabilitation, and total push to get patients out of hospitals quicker and back to their homes and jobs.

I might say, in the past there have never been enough doctors in any mental hospitals to give much treatment. They keep them alive, and as healthy physically as possible under the circumstances.

They are very apt to spend their lives at this.

It is largely a custodial job. That has been going on for years and years.

PERCENTAGE OF PERSONS CAPABLE OF BEING RETURNED TO PRODUCTIVE LEVELS

Senator KNOWLAND. With the proper number of trained doctors and equipment, with the latest methods, what percentage of those who are having custodial care could be returned to reasonably normal productive levels?

Dr. BLAIN. We believe that of the young people getting sick at this time who go into hospitals, where they get immediate treatment and the maximum amount of intensive therapy, about three-quarters of them can be pulled out very quickly, and I mean in 3 months to 6 months—most of them in less than 3 months.

The other quarter are going to be sicker and some of those will come out in between 1 and 5 years.

A certain percentage of them will not be cured with our present knowledge.

ESTIMATE ON COST PER PATIENT TO GOVERNMENT

Senator PEPPER. Doctor, I remember it was brought out before the committee that the Veterans' Administration was paying, I believe, \$40,000 a patient. It is right in line with what was asked.

This was for the care of patients that were in the institutions from World War I. It bears on the question of what could be achieved if you could keep it from getting to that stage, or got them in the early stages.

Dr. BLAIN. I quoted the statement of the National Committee for Mental Hygiene, which estimated up to 1935 every patient in the veterans' hospital had cost the Government at that time \$35,000 each. That was the figure I quoted. It was 10 years ago.

Senator PEPPER. You think some of those could have been prevented from being permanent patients if they had early and adequate care?

Dr. BLAIN. There is no question about it. We are now able to treat them much better than we could, although we still do not have as much knowledge as we need.

NEED FOR SPECIALISTS

This trend is evident in every hospital and every gathering of doctors. Therapy is the watchword of the day. Therapy depends on and demands more doctors, nurses, psychologists, social workers. There is a shortage in every category I have mentioned.

The training schools of the country are not geared to the new demand for specialists in mental disease.

The departments of psychiatry are, in almost every instance, the smallest and financially the poorest in medical schools.

A year ago not over 12 to 15 medical schools were well qualified for resident training in psychiatry. This, out of a total of 76 class A schools.

This year more than 30 have gathered their assets together and, sometimes by joining other schools, are now training about double the number over previous years. But this is only a drop in the bucket.

The hospitals of the country are more often than not handling two, three, or six thousand patients with 2 or 5 or 10 to 20 doctors.

I know of hospitals right now where there is 1 doctor for 1,200 patients. They cannot get them.

The psychiatrists are not available. Of all the illnesses of the country, 50 to 75 percent are common in this category. Some of them are in a mild form, of course, but only 3 percent of the doctors of the country are trained in this respect.

Doctors in modern medicine do not work alone. Trained psychiatric nurses, psychologists, and psychiatric social workers are indispensable in modern medical service. They improve the care of the patient and they stretch the skill of the doctor to care for greater numbers of patients.

A shortage in these skilled professions is just as bad as a shortage in psychiatrists themselves.

Training and nursing, psychology and social work must keep pace with the training of doctors, or the psychiatric team cannot function.

Lack of knowledge of the disease

There is no doubt that tremendous progress has been made. However, whereas over half of the Nation's hospital beds are used by psychiatric patients, only between 5 and 10 percent of hospital admissions are for psychiatric problems. Yet all hospital beds are filled and most hospitals are grossly overcrowded.

The reason is that psychiatric patients stay in hospitals longer, because we do not know how to cure them faster.

Perhaps the nature of some of these diseases is such that it will never yield as fast as surgical infections under penicillin. We hope that some mental diseases may some day be cured overnight, if we can find out how.

There is little research now going on. We must have more knowledge of the cause to do more to prevent mental illness.

Unless we progress in this direction, the United States will be dotted with mental hospitals as the plains of China are dotted with grave mounds.

I lived in China and I know the grave mounds are all over the country. I cannot see any other way of settling this thing. We cannot just keep on building more hospitals. That alone is not going to answer it.

LACK OF COMMUNITY RESOURCES

By this I mean specifically outpatient clinics where mild forms of mental disease and personality disorder may be treated outside of hospitals.

Five out of six mental cases are mild and better handled outside of hospitals.

One of the best ways of prevention I know of available is treatment of a disease early to prevent its becoming more serious. This is accomplished through out-patient mental hygiene clinics.

I can give you an example.

In many clinics patients are being treated who would otherwise have to enter a hospital if the clinics were not available.

One clinic estimates that 15 percent of its patients would be hospital cases if there were no clinic. Another clinic estimates 25 percent, and one chief of a clinic estimated 40 percent of his 1,000 patients were being kept out of hospitals.

This is the ideal method of meeting the problem. These clinics treat patients at the onset and prevent many from entering hospitals. The cost is infinitely less.

Entering a mental hospital is like crossing the Rubicon—it is a barrier hard to overcome and hard to forget.

The number of clinics now available for all needs is woefully short. Probably less than 10 percent of those needing out-patient care are now getting it. This is the greatest preventive factor in the country, but cannot be used for shortage of personnel.

I know at this time where the space and part of the personnel are available for at least 10 of these clinics, where they cannot locate one properly qualified psychiatrist to head them up and get them going. They just do not exist.

The only hope of the Nation in doing its job in mental health lies (1) in treating patients faster so that the turn-over in mental hospitals is doubled or even tripled. This would enable us to use existing hospital beds for two or three times as many patients; (2) extending out-patient services so that patients can be spared hospitalization and instead be kept on their jobs.

The bottleneck is in doctors and other trained professional personnel. There are so few teachers that the future is dark.

Further, community resources cannot be developed until more trained personnel is available.

Mental disease is like the cancer problem. As serious as cancer is, mental disease and personality disorder are sometimes as widespread.

PERCENTAGE OF POPULATION AFFLICTED

As to the figures on that, I might say I am informed cancer runs about 600,000 cases in the country, which is about one-half of 1 percent. We have estimated, and others have estimated quite carefully, that there are about 5 to 6 percent for mental disease and personality disorders.

I say it is 10 times as widespread.

Obviously, instead of early, quick death, it means for the chronic patient a long, lingering, living death which, I believe, is far worse for the patient and his family and economically disastrous.

Much can be done, but it takes trained personnel to do it, and it takes time and money to create trained personnel.

QUESTION AS TO PERIOD OF TIME INVOLVED IN TRAINING SUFFICIENT
NUMBERS OF PROFESSIONAL AND TRAINED PERSONNEL

Senator KNOWLAND. Even if you had additional hospital facilities, your problem would not be solved without this trained personnel.

Dr. BLAIN. That is correct, Senator.

Senator KNOWLAND. Otherwise, you would just be building custodial institutions really.

Dr. BLAIN. Yes, sir.

Senator KNOWLAND. How many psychiatrists and trained personnel can be trained in a reasonable period of time, over a 10-year period?

Dr. BLAIN. In the past there have been approximately 300 in training at a time. That is a very small number.

It takes 3 years of training and 2 years of experience to become qualified as an expert. Over 10 years, that would be 3,000, roughly speaking.

In the last year or so that number has been doubled, due to the efforts of State organizations and medical schools getting together, and the Federal medical services—the Army, the Navy, and the Public Health Service—for the veterans, which united to pool assets together.

There are approximately six or seven hundred in actual training altogether now.

That would yield, roughly speaking, about 6,000 in 10 years.

But the trouble is that a great many of the older men are retiring. There are about five or six thousand medical students who are coming out of schools each year, but there is no increase in the number of doctors of the country because of the retiring age.

At the end of 10 years there would not be much increase over what we have now.

However, if you have more men in training and this whole thing could be doubled, if the schools had some money to build up their departments and get teachers much would be accomplished. That is the real bottleneck of the whole thing.

Senator KNOWLAND. Will the field attract the students if the schools furnish the facilities and teachers?

Dr. BLAIN. I think it will. There is a considerable trend in that direction. The medical schools are being reorganized now. We hear from all the schools. I could give you details, but it is not necessary.

SCHOOLS NOW GIVING GREATER ATTENTION TO PSYCHIATRY

They are giving more psychiatry than in the early years.

Instead of being just taught physiology and anatomy, men are being taught the physiology and psychopathology of the emotional life, and the personal relations side of a human being.

This is a part of what is generally spoken of as a new trend in medicine which is called comprehensive medicine.

We specialized and got away from the individual as a total person, and we began treating specialties. Everything was a specialty.

Getting back now to an interesting development in medicine, they are talking about making the general practitioner a specialist too.

They are talking about getting some of our specialists back into the total man thing, and everybody is going to know more about the patient.

LACK OF PROFESSORS OF PSYCHIATRY

I could name 10 medical schools that are looking for a professor of psychiatry. We have got to train more people in this field.

I know of two or three who would just say, "If any organization will find a psychiatrist and send him down here, we will make him our professor."

They cannot find the man.

On this matter of training, there is a tremendous trend in that direction.

Psychology, social work, and nursing also have a great many people wanting to enter, but the training facilities are not nearly enough for those who want to enter.

Senator KNOWLAND. What is being done along that line?

UNIVERSITIES CONDUCTING CLINICAL COURSES

Dr. BLAIN. Twenty-two universities at this time are starting courses in the training of clinical psychology, only about five of which ever had it before. That has developed in the last year.

In psychiatric nursing, a large number of hospitals are putting in special courses for the psychiatric training of regular nurses.

RESULTS WITH CHRONIC PATIENTS

Senator KNOWLAND. You mentioned if you could get these people at a young enough age, or when they are first troubled with it, about three quarters of them could be returned, or salvaged, as I understood you to say, and returned to reasonably normal lives.

What about those who have been in mental institutions for a longer period of time?

Dr. BLAIN. I will give you an example.

There is a hospital in the Middle West. There was a ward there of 80 neurological patients, all chronic; some had been in bed 10 years, and all were in bed.

By getting together a large group of doctors and organizing the staff, and what is known as a total push program, and giving these fellows everything you could possibly imagine, at the end of 4 months, 35 of those patients had not only gotten out of bed, but had gone home; 90 percent of those 80 patients were up and walking around. They expected about half of the remaining to be able to go home.

That is the result of what you can do with old, chronic patients.

There is one big mental hospital in the country where a survey was made. Eleven percent had been in that hospital for over 20 years. Another 11 percent had been there over 15 years. That is 22 percent. About 50 percent had been in the hospital over 8 years. About 50 percent had been in less than 2 years. This group offer, of course, the best hope.

It is in newer groups where the modern methods of therapy have a chance. In the older patients we must depend on occupational

therapy and other medical rehabilitation measures chiefly. It is extremely important to alter the motivation of these older people and make them want to get well.

Also, it take a lot of education to get a family to want their relative to come back after he has been sick for 5 years. They are afraid. They do not think they can handle him or her.

There is a lot of hope in the situation if we can get everything pulling together. With every possible break, the situation will improve. If we do not get all of the breaks, it looks bad.

Senator KNOWLAND. Have you any statistical information you could furnish for the use of the committee on the amounts that are being spent in the various States and by the Federal Government in the treatment of mental patients?

Dr. BLAIN. I could get it for you, sir. I would be very glad to get it.

(The information is as follows:)

ESTIMATED COST OF TREATMENT OF MENTAL PATIENTS

I have obtained the following statement from Dr. Frank Fremont-Smith, vice president, National Committee for Mental Hygiene, April 17, 1947, that the overall estimate of the cash outlay for the care and treatment of mental patients in the United States is well over a half-billion dollars annually, including the expenditures of State hospitals and all Government agencies. This does not include the cost to the Nation of juvenile delinquency, crime, suicide, drug addiction, etc., to which mental and emotional illnesses contribute an important part, nor does it include the cost of treatment of emotionally disturbed patients not requiring hospital care. Emotional and mental disturbances also play a large role in social unrest and the consequent loss of earnings to individuals and of industrial production to the Nation.

Attention is called to the figure of \$3,000,000,000 estimated for 1936 by I. S. Falk and N. D. M. Hirsch, in an article Social Security Measures As Factors in Mental Health Program, published in volume No. 9, Mental Health, a publication of the American Association for the Advancement of Science (Science Press, 1939) to be the over-all cost of mental disease. If \$3,000,000,000 was the correct figure in 1936, the annual cost today must be well over \$3,000,000,000.

NATIONAL CANCER INSTITUTE

STATEMENT OF JAMES S. ADAMS, AMERICAN CANCER SOCIETY, INC., NEW YORK, N. Y.

CANCER SERVICE EDUCATION

Senator KNOWLAND. Mr. James S. Adams.

Mr. ADAMS. Senator, I am James S. Adams of New York, representing the American Cancer Society, as chairman of its executive committee, and member of its board of directors.

In normal business, I am president of the Standard Brands, Inc., New York City.

We in the American Cancer Society naturally have a deep interest in the Federal program for cancer service education and research.

I am here today to ask the Senate Committee on Appropriations, which is considering the bill which has passed the House and which carries a very substantial increase in funds for the National Cancer Institute, and its program of research, grants, and facilities, to carefully consider the whole problem of the Federal Government's policy with regard to cancer research before this appropriation is passed.

We had expected to appear for our 48 State organizations at hearings to be held before another committee, Senator, having to do with a number of cancer bills which have been introduced both in the House and in the Senate, to bring to testify groups of scientists and experts in the field of cancer research, as we did when Senator Pepper's bill was before the Senate last year.

We did not anticipate or realize that the House committee by very greatly enlarging the funds available for cancer research in the National Cancer Institute under the direction of the Surgeon General had effectively replaced the proposed bills by the added appropriations.

So we requested your permission to testify here today.

I regret that I have no prepared statement. However, our enormous campaign for contributions is on, and I have been busy with that, and also with influenza for about a week.

I think it would be well if we would review briefly just where we are with regard to the cancer problem in the United States.

REORGANIZATION OF AMERICAN CANCER SOCIETY

The American Cancer Society was reorganized by a group of doctors, scientists, and business people about 3 years ago, given new life and organized on a national basis for the first time.

Our directors include such businessmen as Winthrop W. Aldrich, chairman of the board, Chase National Bank; Gen. William J. Donovan; Eric A. Johnston; Gen. John Reed Kilpatrick, president, Madison Square Gardens Corp.; Mrs. Albert D. Lasker, who is now taking the place of her husband, Albert Lasker; Mrs. Anna Rosenberg; Charles P. Skouras, of the Fox West Coast Theatres; George E. Stringfellow, vice president, Thomas A. Edison Industries; Henry C. Von Elm, vice chairman of the board, Manufacturers Trust Co.; Mrs. LaFell Dickinson, of Washington, D. C.; Adolph Rydgren, president, Continental American Life Insurance Co., and a few others:

J. V. Stuart, of the Michigan National Bank, Grand Rapids, Mich.; Francis Lambert, of Portland, Oreg.; Walter Bimson, president, Valley National Bank, Phoenix, Ariz.; Frank Ricketson, Jr., Fox Intermountain Theatres, Denver, Colo.; William Shepherd, of the Arkansas Power & Light Co., Little Rock, Ark.; and others.

The doctors and scientists are, I believe, an equally distinguished group. There are Dr. Frank E. Adair of New York; Dr. Louis I. Dublin, of the Metropolitan Life Insurance Co.; Dr. James Raglan Miller, of Hartford, Conn.; Dr. Zoe A. Johnston of Pittsburgh, Pa.; Dr. Guy Aud, of Louisville, Ky.; Dr. A. M. Popma, of Boise, Idaho; Dr. W. W. Haggart, of Denver, Colo.; Dr. C. C. Nesselrode, of Kansas City, Kans.; Dr. Edwin B. Wilson, of Harvard University; Dr. Alton Ochsner, of Tulane University; Dr. Sherwood Moore, of Washington University; Dr. Edwin P. Lehman, of the University of Virginia; and Dr. Andrew C. Ivy, of the University of Illinois.

In each of the States, the society is organized on an autonomous local basis, and the local societies elect the national directors.

FUND FOR CANCER RESEARCH

In the first campaign of 1945 about \$4,000,000 was collected from the American people, and since that time we have devoted 25 percent of the total national collection to cancer research.

I might say up until the time we got started in the fall of 1944, less than a half million dollars per year had been spent by the Federal Government for cancer research and not any more than that had been asked for, and less than a half million dollars was being spent in all forms of private research in the United States.

That was a surprising thing to some of us who came into the movement in its early days. We had felt much more was being done both by private societies and sources and others in the field of research.

We business people came in, fundamentally interested in stimulating not only the service, but the research end of the program.

The second year, as we grew in public confidence, we collected about \$10,000,000.

We like to feel, and I believe the Surgeon General will tell you, that we have at all times cooperated with the Public Health authorities both in the States and in the Federal Government to the end of working cooperatively against this scourge, and spending our money, both public and private funds, to the best advantage of the people without duplication, without jealousies, and without controversy.

From the 2 years of campaigns, we had available about \$3,500,000 for cancer research.

The expenditures of the National Cancer Institute had run along at less than a half million dollars a year. That is, from \$400,000 in 1938 to about \$500,000 in 1946.

That was the year of our first Nation-wide campaign of arousing the American public to the problem of cancer, both for the purpose of trying to save lives through education and for raising money to provide better facilities in research.

The 1947 appropriation was raised from \$490,000 for the National Cancer Institute to about \$1,772,000.

I want to point out that that is a very substantial raise in research funds, and it was accompanied at the same time by our own item in the 2 years of about \$3,500,000 being available.

We have reached the point in this field of medical research, even at the end of only 2 years' work, where all of us are going to be seriously embarrassed unless there is complete cooperation, and a better method of planning.

LACK OF RESEARCH PERSONNEL AND FACILITIES

There are simply not enough research men nor facilities available.

We have reached the point where we must cooperate, or we have confusion. We have reached the point at which we now begin to compete for the services of individuals and institutions. That is an unsound thing.

Also, the cancer program may compete, and compete in a harmful way, as far as the general public health is concerned, with other necessary medical research programs unless good judgment is used in its planning.

We adopted for the organization the method of developing a research program, and pointing up our stewardship to the public in the expenditure of these funds, the same method the Government used during the war for its medical research.

The Federal Government did not, during the war, turn over its medical research program to the Public Health Service. I do not want

you at any stage to misunderstand what I am attempting to say. I have the greatest respect for the Public Health Service. It is doing an excellent job. Our society supports it completely, but we believe it has definite limitations, and that its assignment should be considered, in view of its facilities, personnel, experience, and background.

OFFICE OF SCIENTIFIC RESEARCH

The Federal Government, in its medical research program during the war, utilized the services of the Office of Scientific Research under Dr. Vannevar Bush. A medical division was set up there, which medical division asked the National Research Council's Division of Medical Sciences to help provide advisory boards selected from medical and scientific groups and individuals in the country who had come in to advise on the formation and the carrying out of the Government's medical research programs.

That was, I believe, very successful, as even a casual survey of its results will show. We felt we should make use of the best methods that had been developed during the war when we started to plan the American Society's cancer research program.

We adopted exactly that method.

We met with the National Research Council and its Division of Medical Sciences, and we made a contract with them under which they agreed to form what is known as the Committee on Growth.

The chairman of that committee is Dr. Cornelius P. Rhoades, who is the head of the Sloan-Kettering Institute for Cancer Research and of the Memorial Hospital in New York, one of the outstanding cancer research institutions in the world.

The other members of that committee are, among the outstanding leaders in the various science, concerned with this problem of growth, which is the basic problem in cancer research.

Among them are such distinguished scientists as Dr. Sabin, Rockefeller Institute; Dr. Dochez of Columbia; Dr. Hastings, of Harvard; Dr. Jones, of Connecticut; Dr. Little, of Jackson Memorial, Bar Harbor; Dr. Moore, University of Chicago; Dr. Murphy, Rockefeller Institute; Dr. Pendergrass, University of Pennsylvania; Dr. Taylor, New York University; and 100 other scientists divided into a series of panels and sections, all of them having to do with the special fields in which the research on cancer must be carried on.

There is a section on biology headed, for instance, by Dr. Harvey of Princeton.

There is a section on chemotherapy headed by Dr. Long, of Johns Hopkins.

There is a section on clinical investigation, headed by Dr. Allen Kenyon of the University of Chicago.

There is a section on physics headed by Dr. M. A. Tuve, of Carnegie Institute. It seems a strange field for the man who invented the proximity fuse, but that is the type of scientist needed in that particular area in physics.

These men serve without compensation, and are certainly as distinguished a group as our country has.

We asked them to make a survey of what was going on in cancer research for us, and they did communicate with every institution in

the country to ask those institutions what work they were carrying on, what they could carry on, if they could get the money, and so on.

As requests from those institutions came in, they were processed through the various panels and sections and finally fitted together into a program.

It took us almost a year of work before we got to spending money. It took that long to plan, to organize.

Out of the \$3,500,000, we have not yet appropriated all of those funds. I think there are some \$250,000 still awaiting action by the Committee on Growth from the funds of 1945 and 1946. Those funds will not be expected until the end of June of 1948.

FUND CAMPAIGN GOAL OF TWELVE MILLION DOLLARS

During this month of April, we are collecting, we hope, about \$12,000,000 in funds from the American public. Again, 60 percent of those funds will remain in the State for the purpose of the development of a service in education, and in some areas the support of some local research work, probably in the neighborhood of \$750,000, which is additional to the \$3,500,000 I have described to you.

Out of the 40 percent which comes to the national headquarters, 25 percent of that 40 goes into the national research program. The remaining 15 percent of the national total is used for the development of the national program. That means the development of detection clinics and treatment methods and facilities, the educational program, which is divided into two parts: The education of the professional group, and the education of the lay group. Third, the statistical research program, which is a fundamental job which must be carried on by the national organization.

Out of the 60 percent of the funds available, that money is being spent locally in the education of the profession, the education of the lay, the defraying of expenses for detection centers, or providing better clinical facilities and training facilities in the local counties and States.

I might point out that during the past 2 years, the Public Health funds for grant-in-aid to States have greatly increased. We are in favor of that.

However, there has been frankly, due to the rapid growth of the whole movement, some difficulty in some areas in finding immediately intelligent ways in which to spend the money.

I am certain neither the American Cancer Society nor the Public Health Service is completely pleased with the job today, but great progress has been made. There is complete cooperation at the State level between the Public Health authorities, who are usually members of the board of directors of the State and the local cancer society groups.

However, those funds are no more than adequate and in many areas are very inadequate to cover the necessity of the problems created by a disease like cancer.

In working out the research program, we have had to keep closely in touch naturally with the Public Health Service and the National Cancer Institute, and have had the closest relationship with the Surgeon General, Dr. Spencer, and the others concerned with the work.

PEPPER-NEALY BILL

When the Pepper-Nealy bill was introduced last year, we in the American Cancer Society testified generally in favor of substantially increased Federal appropriations for cancer research.

We felt that no such sum as a hundred million dollars could be intelligently spent at once. We did set up a thesis that funds needed to be in existence for a longer period of time than a single year if workers were to be brought into the field and the work were to be made permanent.

We did call attention to the great danger of promising the public too much by comparison with the development of the atomic bomb.

There is no valid comparison as Dr. Conant has pointed out a number of times in his addresses.

When the Government went into the development of the atomic bomb, the basic and pure research had long since been done. Much of it was as far back as Dr. Einstein's work in 1905.

The basic, pure research in cancer has not been done. For that reason we are not at the stage of going on as one does in industrial research from a pure research program into a pilot plant operation and then on into production facilities, which is what we did with the atomic bomb.

Of course, there was some pure research work done along the way, but the great work was done.

In connection with cancer research, we are dealing with growth, we are dealing with the problem of life itself, and science has not developed enough of the pure fundamental facts which surround that whole problem.

That was why the scientists who came to work on our program said to us, "We must immediately start out to support work in the pure sciences, a number of which, or much of which will seem unrelated to the direct cure of cancer of the skin or cancer of the stomach, or leukemia. We do not have the basic knowledge far enough along with which to attack the problem."

That was the general approach which was used, and which we tried to explain to the Congress the last time.

I believe our board came to the conclusion that upwards of \$20,000,000 per year might be expended on top of what was presently available for both facilities and for the development of personnel, as well as for actual cancer research.

To be sure the program was carefully planned and worked out carefully, we recommended at that time the same method used during the war be used in the planning of the cancer research program.

It was our simple and honest disagreement with the Public Health authorities as to who should be responsible for the program. It was our feeling, and it was our conclusion, that it was too much to expect the Surgeon General or the Public Health to undertake, with its personnel and special facilities, the laying out of such a tremendous program as would be envisioned by the expenditure of \$10,000,000 or \$20,000,000 additional funds a year in cancer research with its tremendous impact on all the research facilities in the country.

RECOMMENDED PRESIDENTIAL COMMISSION

We recommended that a special commission be appointed by the President of outstanding scientists, medical men, and laymen as the method for handling the Federal program of cancer research, that commission to work within the framework of the Federal Security Agency which is the parent agency to whom the Public Health Service is responsible, and its administrative detail to be carried out by the Surgeon General and the Public Health with full cooperation, not only with the National Cancer Institute, but with full cooperation from the private sources presently engaged in cancer research.

It was reviewed again at our annual meeting in Chicago in March, at which representatives were present from practically every State in the Union, and it was unanimously agreed that was the only sound program we could recommend to the Congress.

I might point out that since our activities began in the reorganized American Cancer Society in the spring of 1945, the Government's funds for research have gone from a half million dollars to \$1,700,000, and the funds that were available from private sources in 1944 were about a half million dollars.

We have, during the 2 years set aside $3\frac{1}{2}$ million dollars for research, and from the 1947 campaign should have another \$4,000,000.

But more than that, the whole activity has generated additional private funds other than the Government's and other than the American Cancer Society's.

SLOAN-KETTERING INSTITUTE FUND

For example, to give you but three examples, Mr. Alfred P. Sloan decided to set up the Sloan-Kettering Institute, a \$4,000,000 fund for cancer research in the Memorial Hospital in New York.

We, in the American Cancer Society, have worked closely with him and Mr. Kettering and his group, and are very proud of our association with that.

PEW FUND IN PHILADELPHIA

The Pew family in Philadelphia have just given a million dollars to an institute there, which is being fathered by Mr. Sharpless, an industrialist of vast experience in industrial research, who is devoting most of his time to this field.

GOLDBLATT CONTRIBUTION IN CHICAGO

The Goldblatt family in Chicago have just given a million dollars for the beginning of a cancer research institute in connection with Billing's Hospital and the University of Chicago, which we have reason to believe will be supplemented with additional funds very soon.

What I am trying to point out is, in a period of less than 3 years, due to what we modestly claim has been a sound development of public opinion and education in this matter, we have had increases in the Government's funds, increases in the American Cancer Society's funds, and increases in private funds.

Now, we are beginning to be concerned with our responsibility to the future. We have reached the end of the place at which we can expect our committee on growth merely to sit and receive requests for grants from institutions. They must also initiate.

The number of research workers in the field and the facilities available are such that it does not appear to us that very soon too much more money can be spent.

NEED FOR ADEQUATE PLANNING

I want to develop that further in just a moment. It does not appear to us that very soon too much more money can be spent without adequate planning. The time has probably arrived when the method that was used, for instance, in the development of the work on atabrine, for example, during the war will be necessary, in which our committee on growth or the Public Health, in the event this bill is passed, or the private groups, someone somewhere must now begin to organize programs in the field of cancer research and parcel them out to different institutions, and individuals, each to carry out a part of that job.

We there run into a natural resentment from the scientists who did not like that during the war. They like complete freedom at the universities and the pure research laboratories, but all of us are rapidly coming to see in the field, for instance, of chemotherapy, in which we have many good leads in cancer treatment and cure and prevention that may be very important. These must be organized as a cooperative job between scientists and medical men, often industrial laboratories, such as the pharmaceutical houses have, with proper clinical facilities, with patients and control beds, of which there are too few in the country for screening results.

A program of that sort cannot be done in any one institution. It is just the opposite of having Dr. X at the University of Chicago come in and say, "I have a young man here, and we have this field. If you give us this much money, we will do this work."

That is the broader area into which we are coming. As an approach we sat down with the National Academy of Sciences, Department of Medicine, and with the Public Health Service, the Surgeon General, Dr. Spencer, Dr. Shelley, Dr. Crabtree, and others.

We invited the President's physician, Dr. Graham, who evidenced some interest in the matter, and tried to work out a program, considering the cancer research that was under way, both Government and private, for the next year, and considering the facilities and the manpower that looked possible to enlist immediately. What was the amount of money and on what program should that money be spent which we could, all of us, go to the Congress and ask for as a sound, definite, and attainable program?

That program was mentioned in the House report. I would not say that any of the men proposed it with the belief it is a complete job. It is not.

MEASURING NEED AGAINST FACILITIES AVAILABLE FOR RESEARCH

It indicated, however, that additional funds for the first year are needed. Outside of the building of buildings and hospitals and that

sort of thing, which did not seem to be the answer to the problem, except the building that is needed at the National Cancer Institute—that is needed—the scientists did not find a work program in excess of an additional \$6,000,000 for the first year.

It was somewhat under that at the beginning, and then came up to that. That would be the maximum.

It should be \$10,000,000 for the second year, and \$15,000,000 for the third year, and the \$15,000,000 rate looked as though it would be the one which should be continued.

That is the first start anyone has ever made in trying to measure the need against the facilities, both private and public.

Even in that discussion all of the Government's expenditures for cancer research were not considered, and I do not know how large they are. We know that the Navy is expending money on cancer research. We know that the Veterans' Bureau is expending money in what we would term "cancer research," and I suspect the Army is doing likewise.

To think we could have five or six Federal programs on cancer research and a sizable private, publicly supported voluntary organization program I have described to you, without competition is ridiculous.

We have not been able to get anything like the number of men to accept fellowships on the American Cancer Society that we had hoped to get.

FELLOWSHIPS UNFILLED

We have had funds for, I would judge, 100 fellowships which we have not been able to fill, the reason being that there has not been too much of an opportunity for specialists in the cancer field, in the universities, the medical schools and in the research laboratories in the past.

Also, the number of men delayed in coming out of the medical schools because of the war, who are ready now for taking on fellowships after completing their medical education is small. It will step up as time goes on.

We would recommend to the committee a careful consideration of the House action. It is very difficult for me to understand the appropriation bill.

I would like to quote from the summary on page 26:

The committee had before it a budget estimate of \$7,169,000 for operating expenses of the National Cancer Institute. This amount represented an increase of \$5,454,592 above the comparable amount for 1947, the largest part of the increase being for grants-in-aid.

That compares with \$1,700,000 in 1947, and \$490,000 in 1946.

I am certain that it is a rate of increase which is very unwise in any research project with that kind of background, personnel, and experience.

Now, in addition to that, the House committee, in its whole testimony, seems to reflect a viewpoint that the public wants to do something about cancer, wants to spend some money on cancer, and Congress wants to spend money on cancer.

We in the American Cancer Society will have to take some responsibility for that, too.

What we want to say to you is that we do not believe you help it any by just adding another \$6,000,000 on top of five for an ill-considered and not carefully thought-out program.

Those are harsh words, but I think we know enough about this subject to say that that is the fact.

RECOMMENDATIONS ON SPENDING

On the other hand, we would recommend spending an additional six or seven million dollars in the coming year on added cancer research, an additional \$10,000,000 the second year, and an additional \$15,000,000 the third year, after careful planning and coordination on all sides has been brought to bear on the subject.

CANCER ADVISORY COUNCIL

Under the existing act the Surgeon General has a cancer advisory council. That is a council of five or six men. It can be enlarged.

I point out to you that it has only five or six men, and I must point out at the same time that almost all of them are directors of the American Cancer Society. There are so few in the field of cancer research we must all go to the same people. But that group of five or six, on the one hand, is planning a program.

On the other hand, we are urging the method here that the National Research Council used during the war and have enlisted the services of a hundred of the top scientists of the country.

I do not believe there is any comparison between the two from the standpoint of authority in planning in this field.

If this additional \$11,000,000, which is represented by the added \$5,400,000 and the \$6,000,000 which is in the very hazy area, is to be spent on cancer research, possibly buildings and so on—if that \$11,000,000 is made available on that basis, we will certainly start into a competition for scientists between the Public Health Service administering plan and the American Cancer Society's plan. This can be disastrous in the end.

PROPOSAL ON APPROPRIATION

So what we are recommending is that the whole subject of the Government's program on cancer research not be settled by your committee, Senator, on the basis of an added appropriation here to the Public Health Service bill, but that reasonable addition be made to the appropriation of the Public Health Service for the National Cancer Institute.

Of course, it should not be made too large in volume of work. No one institution program in research should be made too large.

Increase the amount available to the National Cancer Institute for grants-in-aid reasonably, but do not apply the item of \$6,000,000, or raise the grants-in-aid thing to a \$5,000,000 figure for the coming year.

We would rather ask whatever committees that have to do with the bills on larger cancer research programs to consider the problem of the Federal Government's policy with regard to planning this type of medical research.

We would like to bring to such committees a group of people, Mr. Chairman, adequately prepared to discuss the subject, and to give you our reasons for believing that a Presidential commission of outstanding scientists, medical men and laymen should plan and direct the research program. I stress the laymen because we now believe that we must enlist the type of ability which has been so successful in industrial research in this country for some of these medical problems—we believe that Mr. Kettering in the General Motors research; Mr. Frank Howard, of Standard Oil, who participated in the development of synthetic rubber, and others, all of whom are deeply interested in this problem, could materially contribute to the planning of an all-out program.

We want to find a way at the same time to continue to cooperate and to plan our program, the American Cancer Society's program, on cancer research with the other private programs and the Federal program, to the end that we proceed in an orderly manner, not tied so that we do not have the freedom of the individual scientists, but so that we do not duplicate and do not compete, and so that we do not confuse.

That is about the statement I have, Mr. Chairman.

Senator KNOWLAND. Thank you very much.

LETTERS AND TELEGRAMS SUBMITTED FOR RECORD

Senator KNOWLAND. At this point, I want to put into the record several letters: One from Senator Fulbright with additional communications attached; then a wire addressed to Senator Millikin, of Colorado; then a letter from the California Physicians' Service; and also a copy of a letter I received from the Commissioner of Education relative to certain requests the committee had made of him.

(The letters and telegrams referred to are as follows:)

UNITED STATES SENATE.
COMMITTEE ON BANKING AND CURRENCY,
April 10, 1947.

Senator WILLIAM F. KNOWLAND,
Senate Office Building, Washington, D. C.

DEAR SENATOR KNOWLAND: With further regard to the conversation that I had with you a few days ago about the appropriations for vocational education, I enclose a letter from the State director of Arkansas.

It is my understanding that in the hearings on this appropriation, it appeared there was not sufficient evidence for the need for the full appropriation by the States. This letter makes it very clear that Arkansas does need the additional funds. I may also say that the Arkansas Legislature has just appropriated \$716,000 for the State's part of the program for 1948-49, thereby making it possible to match a substantial increase in Federal funds.

I do hope that you will make this letter a part of the record and if there is any further evidence you feel you need in considering this matter, please let me know. I think you will agree that this is a most important program and if it is at all possible I hope you will advocate the full appropriation authorized under the George-Barden Act.

Very truly yours,

J. W. FULBRIGHT.

ARKANSAS DEPARTMENT OF EDUCATION,
DIVISION OF VOCATIONAL EDUCATION,
Little Rock, April 4, 1947.

Hon. J. W. FULBRIGHT,

United States Senate, Washington, D. C.

DEAR SENATOR FULBRIGHT: In Arkansas we are disturbed over the fact that as yet no definite provisions have been made for increasing Federal funds available to the States for vocational education in 1947-48, although the George-Barden Act which you helped to pass last August made it possible for Congress to appropriate some very much needed increases.

We gather from reading the hearing of the subcommittee of the House Committee on Appropriations held recently that the subcommittee did not have available sufficient evidence of the need for as much increase as exists, although they were very friendly toward the matter. For this reason we want you and Senator McClellan to have the picture for Arkansas by the time this reaches the subcommittee of the Senate so that you will be in a position to press the matter. I plan to be in Washington next week and will see you.

Since Congress first made Federal funds available for vocational education in 1917, Arkansas has used every dollar of such funds available; and the State legislature has been very generous with State funds for this purpose, to the extent that for the past several years local and State funds used for vocational education have more than matched Federal funds. You can judge for yourself whether or not Arkansas citizens have used these funds wisely.

During the present fiscal year we will use every penny of the funds available from all sources; and, although schools have until May 1 to file applications for new programs, already applications for 346 new programs have been filed. (Attached is an analysis of figures which may interest you). Applications which have already been received will require an estimated \$509,725 additional (annually) to reimburse on the salaries of the instructors and to train teachers needed for such an expanded program. Local districts will provide buildings, physical equipment, and a part of the salaries of instructors.

Frankly, we are very proud of the part vocational education has played in improving the economic and social outlook of Arkansas youth and adults in the past three decades. The program pays for itself many times in increased earning capacity of individuals reached, not to mention personal assurance given to those trained for given occupations so that they have complete confidence in themselves. You know without being told that Arkansas needs to extend this type of program, and we feel that we can depend upon you to assist in securing these additional funds.

Sincerely yours,

J. MARION ADAMS,
State Director, Vocational Education.

Information regarding Arkansas vocational education program, 1946-47

[Only funds encumbered for instruction as of Apr. 4, 1947]¹

	Number centers	Funds used for instruction			
		Local	State	Federal	Total
Agriculture.....	260	\$292,767.46	\$201,221.22	\$213,685.57	\$707,674.25
Home economics.....	256	210,646.00	209,723.00	94,195.24	514,564.24
Guidance.....	² 49	29,008.56	40,184.60		69,193.16
Trade and industrial.....	² 59	69,907.44	³ 53,168.30	³ 32,433.70	155,509.44
Distributive.....	² 20	11,452.36	³ 7,108.90	³ 7,393.38	25,954.64
Total.....	644	613,781.82	³ 511,406.02	³ 347,707.89	1,472,895.74

¹ Does not include funds for considerable amount of adult work, teacher training, supervision, and maintenance of State office.

² A large percentage of these programs are not full-time.

³ Funds for adult education are not included in this figure.

Applications for new programs of vocational education for 1947-48[On file as of Apr. 4, 1947] ¹

	Number new programs applied for	Approximate Federal funds required for applications
Agriculture.....	91	\$132,700.00
Home economics.....	100	120,000.00
Additional teacher training.....		10,000.00
Guidance.....	84	113,400.00
Additional counselor training.....		5,000.00
Trade and Industry.....	45	56,625.00
Itinerant teachers.....		28,600.00
Distributive.....	26	31,200.00
Itinerant teachers.....		7,200.00
Additional teacher training.....		5,000.00
Total.....	346	509,725.00

¹ Deadline for filing applications in State department of education is May 1, so many applications will be submitted yet.

DENVER, COLO., April 4, 1947.

Senator EUGENE MILLIKEN,
Senate Office Building, Washington, D. C.

The members of the Colorado branch of the National Vocational Guidance Association urge the Congress to keep faith with our veterans and ex-war workers by providing the Department of Labor with funds sufficient to maintain the effectiveness of its vital functions, namely, the long-term occupational research of the BLS and the short-term labor market research of the USES.

RUSSELL K. BRITTON,
President, Colorado Branch, NVGA.

CALIFORNIA PHYSICIANS' SERVICE,
San Francisco 8, Calif., April 11, 1947.

SENATE APPROPRIATIONS COMMITTEE,
Senate Office Building, Washington, D. C.

GENTLEMEN: In the past, we have found that the State and area employment and pay-roll statistics have been of great importance in our work; and it will prove quite a serious handicap if they will no longer be available.

We urge that the necessary appropriations be made by Congress.

Sincerely yours.

MICHAEL B. SMITH,
Director, Labor Relations Department.

APRIL 15, 1947.

Hon. WILLIAM F. KNOWLAND,
*Chairman, Subcommittee on Appropriations,
United States Senate, Washington, D. C.*

MY DEAR SENATOR KNOWLAND: In accordance with your request, we are transmitting to you the following sets of work papers and reports showing the techniques used in assisting State boards for vocational education to make determinations of need for appropriations for the further development of vocational education. Detailed data are on hand in our office supporting these summaries if your committee has need for examining them. The data submitted herewith are labeled as "Exhibit No. 1," "Exhibit No. 2," and "Exhibit No. 3." In content these are as follows:

Exhibit No. 1

A set of work sheets for use by State boards and this office in securing the most reliable estimates of need by the State boards for funds for 1948.

The work sheets were used beginning with work sheet No. 6 and following through to work sheet No. 1 upon which is to be found a recapitulation of the data in work sheets 6 to 2.

A complete set of work sheets 1 to 6 for the State of Alabama is included as an illustration of what was done in detail with each of the several States and Territories.

Exhibit No. 2

A complete set of work sheets No. 1 recapitulating the need of each State for funds for vocational education in 1948. The entire set of State work sheets No. 1 is summarized upon the master work sheet No. 1 showing the need for funds for vocational education for the entire United States (except Hawaii) for 1948.

Exhibit No. 3

The statement of justification submitted to the Bureau of the Budget and the supporting evidence therein, which shows:

(1) A comparative statement of total expenditures for vocational education 1946 to 1948.

(2) A copy of the master work sheet No. 1 referred to above recapitulating the estimate of entire need for United States.

(3) George-Barden funds needed by services as they are to be matched by State and local funds—

(a) For agricultural education.

(b) For distributive education.

(c) For home economics education.

(d) For trade and industrial education.

(4) Recapitulation, United States as a whole, of the requirement for the further development broken down to show for what types of expenditures the funds were needed by the several purposes and by all purposes.

(5) Status of States legislation as of April 14 affecting the requests for State appropriations for vocational education for 1948.

(6) Copy of the form used by the States for transmitting the information to the Office of Education summarized in sheet 5, exhibit 3.

(7) This exhibit shows the allotment of the Smith-Hughes and George-Barden funds on the basis of full appropriations in each instance.

If we can be of further assistance to you, feel free to call this office.

Cordially yours,

_____, *Commissioner.*

Senator KNOWLAND. You may proceed.

FEDERAL SECURITY ADMINISTRATION

CONSOLIDATED OPERATIONS, SOCIAL SECURITY ADMINISTRATION

STATEMENTS OF W. L. MITCHELL, ACTING COMMISSIONER FOR SOCIAL SECURITY; R. L. WYNKOOP, CHIEF, COORDINATING AND PROCEDURE DIVISION; AND M. A. STEPHENS, BUDGET OFFICER, FEDERAL SECURITY AGENCY

SALARIES

STANDARD CLASSIFICATION SCHEDULE

(The standard classification schedule is as follows:)

Salaries, consolidated operations, Social Security Administration

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or decrease (-), 1948 estimate compared with 1947	Increase (+) or decrease (-), bill com- pared with estimate
01 Personal services:					
Departmental.....	\$2,066,145	\$2,135,479	\$1,166,239	+\$69,334	-\$969,240
Field.....	1,541,944	1,658,521	905,761	+116,577	-752,760
Grand total obligations.....	3,608,089	3,794,000	2,072,000	+185,911	-1,722,000
Transferred to:					
"Salaries, Bureau of Old-Age and Survivors Insurance, Social Se- curity Administration".....	+228,333	-----	-----	-228,333	-----
Salaries, Office of Administrator, Federal Security Agency.....	+85,000	-----	-----	-85,000	-----
Received by transfer from:					
"Salaries, Children's Bureau func- tions, Federal Security Agency".....	4,560	-----	-----	+4,560	-----
Salaries and expenses, Child Labor Standards, Children's Bureau, Federal Security Agency.....	2,000	-----	-----	+2,000	-----
Excess of obligations over appropria- tion due to Public Law 390.....	-466,700	-----	-----	+466,700	-----
Total appropriation or estimate..	3,448,162	3,794,000	2,072,000	+345,838	-1,722,000

Senator KNOWLAND. The next witness is Mr. Mitchell on the consolidated operations of the Social Security Administration.

Mr. MITCHELL. May I first attempt to clear up any confusion which may arise from the fact that we have a single justification for the restoration of reductions shown in two items in the appropriation.

NATURE OF HOUSE ACTION

The summary justification submitted for the committee's advance consideration identifies the appropriation titles and their pages and lines in the bill. The estimate submitted to the House committee consisted of one item entitled "Salaries, consolidated operations, Social Security Administration" (p. 35, line 2). The amount of the estimate was \$3,794,000. The House made a flat reduction of \$1,000,000, leaving a balance of \$2,794,000, from which \$722,000 was transferred to the appropriation item, "Salaries and expenses, Bureau of Old-Age and Survivors Insurance" (p. 31, line 23). In this way, the appropriation to cover services rendered the Bureau of Old-Age and Survivors Insurance is made directly from the old-age and survivors' insurance trust fund instead of from the general funds of the Treasury.

This is a modification of the procedure formerly in effect whereby the appropriation of old-age and survivors' insurance services was made from the general fund, which fund was then reimbursed from the trust fund as authorized in the Social Security Act. The House committee's explanation is on pages 30 and 31 of the committee report.

This agency is thoroughly conscious of the grave financial situation which confronts the country and accepts without reservation the governmental policy of rigid economy. However, the effects of the committee's drastic action are so far-reaching that the agency feels compelled to request the restoration of the reduction.

The House committee's report indicates the committee recognized the severity of the reduction but felt that Reorganization Plan No. 2 should result in large economies beyond those already made.

PURPOSE OF FUNDS REQUESTED

The appropriations in question provide funds for activities which are common to all four of the social-security programs: Public assistance, unemployment compensation, old-age and survivors' insurance, and the programs of the Children's Bureau. These activities were established on their present consolidated basis in order to avoid duplication, as well as to avoid the larger costs and inefficiency which might be experienced if each of the program bureaus were permitted to establish all of their own services. Of the four programs, old-age and survivors' insurance alone is large enough to support certain of its own services economically. Those which can be provided more effectively on a consolidated basis are obtained from the central pool.

EXAMPLES OF SERVICES AFFECTED BY HOUSE CUT

Examples of the consolidated services financed out of the appropriation "Consolidated operations" and affected by the reduction are accounting and auditing, pay roll, recruitment and similar personnel services, procurement and distribution of supplies and equipment, regional services to agencies of State governments, supervision of field employees, and statistical, informational, and analytical work. These are essential operations. They would have to be separately financed at any level of administration at which they are performed and the costs under any of the alternatives would differ only slightly.

ELIMINATION OF FUNCTIONS

Economies of the magnitude contemplated by the House can be accomplished only through the elimination of functions. Reorganization Plan No. 2 did not provide for the elimination of any of these service functions, nor did it create a new situation such as would permit sizable savings, except those which would result from greater efficiency. The agency is making every effort to achieve economy through streamlining its operations, but even in this respect the prospect of eliminating expenditures of real consequence were largely exhausted during the war when, from a peak employment during 1941 of a staff of 1,510, reductions were made to the present level of approximately 1,170, despite progressive increases in work load.

DECREASE IN PERSONNEL

In view of the necessity for taking immediate steps to cut the present staff so as to stay within the funds available for the present year as well as to reduce to the level authorized by the House for 1948, we are in a position to identify with considerable accuracy the effect of the proposed reduction. In general terms, it will mean reducing the staff proposed for 1948 from slightly over 1,200 to approximately 900. It will mean the immediate separation of between 250 and 275 of our present employees. We have already started to make these separations. All operations financed out of these funds must immediately go on a virtual subsistence basis and many must be eliminated.

NO CONTROL OVER WORK LOAD

A seriously complicating factor in making the reduction is the fact that so many of these activities are not controllable. That is, we have little or no control over the work load. Examples of this are the handling of pay rolls, the audit of vouchers, and the procurement of supplies. The full cut of 26 percent made by the House cannot be applied to such activities. Some can't be cut at all. To the extent that any activity is cut less than 26 percent, it means that others have to assume a proportionately larger share of the total burden. The result is that where work load can be controlled, reductions must be applied disproportionately and to a large extent without regard to the importance of the function involved.

INFORMATION SERVICE

In order to be brief, I will select an illustration or two as evidence of the drastic results of the proposed reduction. Despite the antipathy of many Members of Congress for informational work, but believing that we have a case strong enough to justify on a straight out-and-out business basis our request for restoration, I would like to summarize the action which seems inescapable if the reduction is permitted to stand. Our Informational Service uses the conventional methods of acquainting the public with its rights and obligations under the Social Security Act. Also consultative service on informational methods is given upon request to the State social-security agencies. It does not engage in propaganda of any kind. From the standpoint of promoting efficiency and economy in administration, informational work is just as productive as is any other aspect of operations. For instance, we find that it costs the Bureau of Old-Age and Survivors Insurance approximately $3\frac{1}{2}$ million dollars annually to assign duplicate account numbers and to clear up incorrectly reported wages. As one means for reducing this cost, Informational Service is devoting a considerable portion of its facilities to an educational campaign designed to encourage the safekeeping of account cards and the accurate reporting of wage items. We think this is good business and that it is money well spent. The reduction makes necessary a cut of about 60 percent in Informational Service from its 1948 request for a staff of only 50. The 50 requested is 28 less than the number we employed for the same purpose in 1939. The severity of the Informational Service cut is an evidence of our compliance with

the House committee report. Moreover, it is a reflection of the penalty which a controllable type of activity has to pay regardless of its importance.

REDUCTIONS IN RESEARCH STAFF

Research is another activity which rarely escapes the pruning knife. The House committee recommended drastic reduction from the proposed staff of 80. We will have to cut it to 56. In 1938 we had 110. We submit for the committee's consideration the argument that the field of social security is so new as to make research a virtual "must" if there is to be any assurance that Congress and the States will have the information upon which to base intelligent legislative action. If there is any doubt as to the need for comprehensive research materials on social security, I ask only that reference be made to the number of bills which are introduced during each session of Congress.

As a matter of fact, there were 187 in the Seventy-ninth Congress, and there are 52 in the Eightieth Congress relating to some aspect of social security as administered by this Administration.

Many of these bills are based upon information which our Research Bureau has been requested to furnish, and on many others our research materials will be sought and used by congressional committees.

We feel that it is legitimate that the minimum staff we have requested be provided in order that our responsibilities to you and to the public may be effectively discharged.

Yesterday, there was some reference to section 702 of the act. That in itself was an indication of the emphasis and importance placed on research work by the legislators who enacted the Social Security Act originally.

One further illustration will conclude this statement.

REDUCTION IN STAFF OF BUREAU OF ACCOUNTS AND AUDITS

In the Bureau of Accounts and Audits, even though the work load is largely uncontrollable, we must make a cut. Even though it is considerably less drastic than in some other places, still staff must be reduced below even the present level of employment. This Bureau has not been able to keep up with the audit load for several months. We see no alternative but to let the work fall further in arrears. In 1948, it is estimated that grants of \$709,580,000 will be made to the States, which this Bureau will be expected to audit. Our audit for years has been on a sampling basis. We are advised that to reduce the sample further will be to invalidate the audit.

These illustrations are typical of the situation generally. The Agency feels, therefore, that it must request reconsideration of the reduction made by the House.

REDUCTION IN PERSONNEL

In relation to the favorable comment Senator Dworshak made to old-age and survivors insurance yesterday, I should like to say that throughout the whole Social Security Administration, and particularly since the break of the war, we have placed great emphasis on the reduction of personnel in relation to the work load.

I got out of the file this material that was prepared a couple of years ago, but it shows the situation and what was accomplished during the years 1941 through 1944.

The Social Security Administration had 13,125 employees on the pay roll in December 1941, and in December 1944, we had 9,859 employees.

Those of you who are familiar with the Social Security Act and legislation in respect to it know that there was no reduction in the work we had to do during that period of time.

The fact that we have made such substantial reduction and have so streamlined our operations and procedures in the past is one of the principal reasons why the present cut rests so heavily on our operations, and why we feel it is so necessary and there must be a complete restoration.

ACTIVITIES UNDER CONSOLIDATED OPERATIONS

With respect to the particular activities that we are referring to here, "Consolidated operations," there is such a wide scope of function involved. I cannot give you units of work in the precise statistical terms that was possible in old-age and survivors insurance.

But I would like to call your attention to this chart, which is so small you may not be able to see it very well. However, consolidated operations, to a large extent, functions on behalf of the program bureaus.

Included are essentially service operations, such as accounting and auditing, and procurement and personnel, and so on.

You will notice from 1940 there has been this very substantial increase in personnel from 8,209 to 12,658, whereas the employees in consolidated operations started at 1495 and we are requesting in 1948, 1192.

I do not want this statement to be misleading. There is only a general relationship between the employment at the two places.

There is not a precise relationship, but it certainly is significant that the service activities have not increased in proportion to the increase in total personnel, and, as a matter of fact, has actually decreased.

PERSONNEL OF BUSINESS MANAGEMENT DIVISION

Senator KNOWLAND. What necessitates there being a business management division with 402 employees? It appears there are similar staffs in the various subdivisions.

Mr. MITCHELL. Yes, sir. The situation is this: The personnel and business management services activity in Washington here, services the personnel who are located in this city. There is, in addition, a business management set-up in old-age and survivors insurance in Baltimore. The reason for having the two is twofold. One is old-age and survivors insurance is large enough, having something over 5,000 employees in Baltimore, to support its own services in that respect; and, secondly, because of the physical geographic separation of the two.

Those are the two principal reasons for having that division, but the Chief of the personnel of the unit located in Washington has overriding supervision, for instance, of all the personnel work that is done in the administration anywhere, wherever it might be found.

There are most careful procedures established to make sure a continuing review of procedures and relationships is had, to make sure that, even though you may have a multiple of the same type of operation, there is not overlapping or duplication.

The consolidation of them would not result in substantial savings. There might be some savings in supervision, but when you take a pay-roll operation, we know it takes so many people to get out a pay roll. It does not make much difference whether it is done on a highly consolidated basis on one place, or whether it is distributed at several places.

ANTICIPATED ECONOMIES UNDER REORGANIZATION PLAN NO. 2

Senator KNOWLAND. The House, in its report, goes on to say:

Reorganization Plan No. 2, which took effect on July 16, 1946, stated as one of its purposes that it should result in economies. The committee is disappointed to note that in the application of such plan to the Social Security Board no economies have resulted. The plan transferred the functions of the Board to the Federal Security Administrator and abolished the Board. It is fair to assume that the clear intention was to eliminate administrative superstructure and thereby effect considerable savings in numbers of personnel and other overhead expenses, but the only result today has been the elimination of the salaries of two members of the Board inasmuch as the Board has been succeeded by a Commissioner of Social Security who apparently has by delegation of the Federal Security Administrator all the authority and power formerly vested in the Board by law. He is surrounded with all the functionaries and satellites formerly utilized by the Board.

Mr. MITCHELL. I would comment on that in at least this respect:

In the type of activities that I have described here, already so substantial reductions have been accomplished that when you consolidate them with even a larger unit in the agency the volume of work is still sufficient to justify the continuing employment of practically all of the employees.

Of course, I cannot speak for the Administrator or for the agency.

There are surveys going on at the present time designed to determine the extent to which these activities may be consolidated for greater efficiency and economy. But as I have said before, you are referring to activities, for instance, such as the procurement of supplies and the accounting operation, and you do not eliminate any superstructure or any employees necessary to carry out those functions merely by consolidation.

As long as there are employees on the pay roll, people who are traveling, things to be bought, the vouchers must be audited. The volume of these is such as to justify approximately the staff that is presently involved.

If you consolidate it by moving it to a higher level to get the tremendous volume up to a certain point, you get a saving on that volume. You can move it in the other direction, and move it closer to the operating program.

Many management experts contend that is proper, but your action and services ought to be as close as possible to your operations.

This is a complicated problem in management and with all the sincerity I possess, I want to assure the committee that we have devoted a tremendous amount of time, and, I hope, intelligence, to the development of these services on a basis that is efficient and economical.

Again may I repeat, there may be some economies of small character that could be accomplished by consolidation. It might cost a little bit more to move them from consolidation at this particular level of administration to a lower level, but there are considerations of both efficiency and economy involved here.

I feel that this is an efficient and economic functioning operation. I feel it is kind of blowing your own horn, but it has that reputation throughout the Government service, and the Bureau of the Budget, through its experts in the Division of Administrative Management have thoroughly considered and reviewed these operations and their reaction to the basis of their establishment is reflected in the Budget Bureau's recommendations for the appropriation estimates.

QUESTION AS TO DUPLICATION IN RESEARCH

Senator KNOWLAND. Does the research staff duplicate the work of the research staff in Public Assistance in any way?

Mr. MITCHELL. No, sir.

ADMINISTRATIVE ORDER NO. 55

Anticipating the line of your questions yesterday, on research, I have brought along here Social Security Board Administrative Order No. 55, and I would like to read just a couple of paragraphs.

This is an administrative order which was issued January 31, 1941. It says this:

This order establishes the general policies of the Board with respect to the organization and allocation of research and statistical functions among various bureaus and offices of the Board, and the coordination of research and statistical activities.

2. In order that the Board may be assured of the adequate development and use of basic statistical data and research necessary to a proper discharge of all aspects of the Board's responsibilities under the Social Security Act, and to effect coordination of all research and statistical activities into a consistent and integrated research program for the attainment of that end, the following allocations of functions shall be effective immediately.

The Bureau of Research and Statistics shall be responsible for the following:

(a) Conducting basic research and statistical activities necessary to aspects of the Board's work which are beyond the immediate fields of particular operating programs, and which deal with: The over-all financial and economic aspects of the social-security program, including methods of financing the programs, investment of trust funds, the study of grant-in-aid policies and their economic effects, and related subjects; the characteristics or effects of the interrelations of Board programs and other social-insurance and social-welfare programs, and special problems arising from such relationships, with a view to evaluating the relative adequacy of these programs and their combined effectiveness, and to determining possible methods of coordinating the programs; and the development of new fields of study in social security such as health and disability insurance and the provision of medical care, arising out of the Board's responsibility under section 702 of the Social Security Act.

(b) Maintenance of a continuing general review of the research and statistical programs of the several bureaus and offices of the Board concerning their adequacy as to objectives, scope, methods and results and their integration into a total research program of the Board; review, at the request of the Executive Director, of research and statistical materials submitted for duplication, including research reports and memoranda, recurring statistical releases for distribution outside of the Board, and instructions with respect to programs of regular statistical reporting to the Board.

(c) The Director of the Bureau of Research and Statistics shall be Chairman of the Social Security Yearbook Advisory Committee.

(d) The Director of the Bureau of Research and Statistics shall be responsible for keeping fully informed with respect to all research and statistical activities of the several bureaus and offices of the Board, and concerning the conduct of research liaison relations between the Board and the Agency and with other Federal and nongovernmental agencies; and shall advise and inform the Executive Director with respect to such aspects of these activities as he may deem advisable or the Executive Director may require.

(e) The Director of the Bureau of Research and Statistics shall be supplied by the various bureaus and offices with all information necessary to the effective discharge of the functions set forth in subparagraphs 3c and 3b above, and of his duties as Chairman of the Research Committee of the Board, as prescribed in paragraph 8.

TRUST FUNDS

Senator KNOWLAND. About your investment in trust funds; your trust funds are all invested in Government bonds, are they not?

Mr. MITCHELL. Yes.

Senator KNOWLAND. You have no alternative, do you, since the Government uses the money and you have the bonds. What investigation are they making on the investment of trust funds?

Mr. MITCHELL. This would involve the situation of the adequacy and effectiveness of that arrangement. It might result in proposals by the Social Security Administration and Agency to the Congress for some revision of that arrangement.

Senator KNOWLAND. Suppose you were unhappy about the arrangement. Would you expect to liquidate the Government bonds now in your trust funds?

Mr. MITCHELL. That would be looking a considerable distance ahead.

Senator KNOWLAND. I would say it would be looking some considerable distance ahead.

Mr. MITCHELL. That, of course, is merely an indication of the scope of this arrangement.

TOTAL TRUST FUNDS

Senator KNOWLAND. What are your total trust funds at the present time?

Mr. MITCHELL. About \$8,000,000,000 in old-age and survivors insurance trust fund, and about \$7,000,000,000 in unemployment compensation.

RESEARCH ACTIVITIES

(See pp. 924, 925)

If this statement on research is running a little bit long, I can shorten it by this general statement:

The Director of this Bureau is likewise charged with the responsibility and given the authority to review research wherever it might be performed in the Social Security Administration, to require that those Bureau directors and their subordinates submit all necessary reports so that the over-all research activities of the Administration may go forward on a coordinated, effective, and unduplicated basis.

The research that is performed in the operating programs is research essentially restricted to the collection of operating statistics that are analyzed for the purpose of improving administration.

That is a completely different type of research than is performed by the Bureau of Research and Statistics.

As a matter of fact, it is a contradiction in terms to call that research. It is the intelligence the Administrator must have in order to supervise his operation.

RESEARCH BY CHILDREN'S BUREAU

Senator KNOWLAND. In the Children's Bureau they spent about \$500,000 on research, too.

Mr. MITCHELL. There again is a completely different type of research.

Under their basic 1912 act they were established as essentially a research organization, a promotional organization, the object being to analyze the situation in this country with respect to children, all aspects of it.

They are required under their legislation to develop reports, to report to the Congress and to the country on the economic and social matters relating to children in their environment.

COMPARATIVE TABLE ON RESEARCH PERSONNEL

Senator KNOWLAND. Could you submit tables showing the number of employees in this type of work in each of the various subdivisions and the over-all structure, and also how that compares with the number that were in those same activities prior to reorganization?

Mr. MITCHELL. Yes, sir.

(The information requested appears on pp. 924, 925.)

INFORMATION WORK AND PRESS RELEASES

(See p. 839)

Mr. MITCHELL. You requested at the conclusion of the hearing yesterday afternoon that we submit a list of the people employed in informational work, and the press releases during March.

I have them here. Should I give them to you?

Senator KNOWLAND. Yes.

Mr. MITCHELL. That is for the Social Security Administration.

I want to be sure I am meeting your request accurately.

Those are the press releases emanating from Washington. Press releases also are released in the field and we do not require the transmittal of those releases to Washington.

However, I have brought along half a dozen samples of releases I used in the field. Would you care to have those as well?

Senator KNOWLAND. Yes.

VOLUME OF RELEASES IN FIELD

Mr. MITCHELL. You might also like to know something about the volume of those releases in the field. We have, as was stated during the testimony yesterday, about 460 field offices and 11 regional offices. The field offices are concerned exclusively with old-age and survivors insurance. They average about one press release each 3 weeks. Those press releases are related exclusively to the operations of their program. There may be a release indicating that there are as of this date so many beneficiaries of old-age and survivors insurance in this particular county or section of the country, and they are released locally for the obvious purpose of making them relate to the local situation.

WORK OF SPECIALISTS IN LABOR DIVISION

Senator KNOWLAND. I note that on this list you have a Chief of the Labor Information Division at \$26.40 per day, when actually employed, and then a labor information specialist at \$6,384, and another labor information specialist at \$4,149.60. What does the specialist do?

Mr. MITCHELL. The part-time person referred to there is a consultant. He comes in as we feel the need for consultation in handling informational problems that relate essentially to organized labor.

WORK OF LABOR DEPARTMENT IN FIELD OF LABOR INFORMATION

Senator KNOWLAND. Can you not get some help from the Department of Labor on that? They have quite a substantial operating department there. I thought it would be available to you for consultation.

Mr. MITCHELL. I suppose we could. I do not think that would be the same sort of advice that would be given by this particular person who has a direct attachment with organized labor.

Senator KNOWLAND. If you want information on labor, I should think the place to get it would be from the Department of Labor, unless you have got some explanation as to just why this person is a particular specialist of a kind the Department of Labor would not have knowledge about.

Mr. MITCHELL. This person has a continuing and current relationship to organized labor. He is a research head of one of the international unions and has a lot of experience and background in dealing with organized labor, and since the social-security programs are directed largely to employed people, one of the most fruitful outlets for information and material is through the locals.

Senator KNOWLAND. If the Department of Labor has not continual contact with organized labor, there is something fundamentally wrong with the Department of Labor that maybe would need changing.

We have just gone through budget hearings with the Department of Labor. They should be in a position to know what is going on in organized labor, and what the needs and requirements are, and, certainly, I would think it would be more than willing to cooperate with any other department of the Federal Government. They are cooperating with the State Department and helping on international relations, and they are cooperating with other branches of the Government in helping to get personnel for certain kinds of work.

I would certainly think that in anything you have in the field of needing labor specialists that they ought to be able to get them out of the Department of Labor.

Mr. MITCHELL. I certainly do not want to minimize the assistance that would come from the Department of Labor. We are continually in close touch with the Department of Labor, but I think there may be a little overemphasis placed on this, because this is just part time, as indicated here, just consultation as it is needed.

LABOR INFORMATION WRITERS

Senator KNOWLAND. The chief of the division is part time, but you still have, in addition to that, two labor information writers.

Mr. MITCHELL. Twice. You might refer only to the one consulting position. I was directing my remarks exclusively to that. As to the other people in that group there, one who has the responsibility for development of materials designed for use by organized labor groups, and likewise he does a fair amount of traveling throughout the country, giving our general informational representatives—we have one each in the regional offices—specialized training and help in their dealings with locals of unions.

He is a specialist in the field of getting information to organized labor groups.

A third one is a writer producing materials especially designed for the labor press—newspapers, weeklies, magazines, and so on.

I have a brief functional statement of the operations of the Labor Division, if you would like me to give you that.

Senator KNOWLAND. Yes. Could you leave it for the information of the committee so we could have it for our study?

Mr. MITCHELL. Surely.

Printing and binding and travel: We are also requesting the restoration of reductions made by the House to the central agency appropriation for traveling expenses and printing and binding.

INCREASE FOR TRAVELING EXPENSES

For traveling expenses we are asking for an additional \$77,215 over the \$504,085 available in 1947, or \$220,998 more than recommended by the House.

An increase in travel in 1948, rather than a decrease, will be necessary if provisions of the recent amendments to the Social Security Act are to be carried out effectively.

NEED FOR ADDITIONAL TRAVEL

Specifically, additional travel will be necessary (1) to audit increased grants-in-aid which are made available to the States under the amendments; (2) to complete negotiations with the States for the administration of the unemployment compensation program for maritime workers which becomes effective July 1, 1947; (3) to interpret to State public assistance agencies the changes in law, under the amendments relative to liberalized matching provisions for public assistance grants as well as to assist them in installation of changes which are necessary in the State programs in order that they may meet the provisions of the amendments.

I would like to emphasize on this travel that it relates almost exclusively to the additional travel burdens that arise over the enactment of the amendments by the last Congress.

I should further emphasize it provides the travel funds for all activities except old age and survivors insurance, which, as was pointed out yesterday are incorporated in the salaries and expense appropriation to the Bureau of Old Age and Survivors Insurance.

PRINTING AND BINDING

On printing and binding, this provides printing for other than that of old-age and survivors insurance.

We are also requesting additional funds for printing in 1948.

AMOUNT OF INCREASE REQUESTED

The total request of \$347,665 for 1948 represents an increase of \$85,357 over 1947 or \$141,206 more than approved by the House. The passage of amendments to the Social Security Act makes necessary the revision of the explanatory leaflets distributed to employees and employers to describe their rights and duties under the Social Security Act. The numerous revisions and additions that must be made because of the amendments will cause an appreciable rise in our regular expenditures for such material. Finally, a substantial increase in the demand for nationally used publications of the Children's Bureau in the fields of child health and welfare will place an additional burden on our allocation for printing and binding.

For these reasons, we are asking the restoration of the full amount of \$347,665 requested for 1948.

PRINTING OF PUBLICATIONS

I would like briefly to add to that that the funds we have are just about enough to provide only for our operating forms, letterheads, and things like that, and in order to provide money for the informational activities.

I had a statement around here that Members of Congress alone have requested during the past year 625,000 copies of the Children's Bureau's Infant Care.

Miss Lenroot told you about two or three other extremely popular publications of that Bureau.

A very substantial portion of the total cut of that activity will be reduced if there are not sufficient printing funds in order to get the material out and distribute it to the public. We regard it as extremely important.

The cut of the House was, I think, 41 percent of the total requests.

Mr. WYNKOOP. Roughly \$66,000 less than we had for this fiscal year, before we had to change all of our informational pamphlets because of amendments to our law.

REDUCTION IN APPROPRIATIONS

Senator KNOWLAND. Of course, Senator Young, I think, expressed, and the chairman did too, and a number of other Senators have made the same expression here, that some of the agencies—and it not only relates to requests made to this subcommittee, but to the other subcommittees of the Senate Appropriations Committee—that a lot of the agencies are developing what might be termed a "Magenot line" psychology on this business of the figures of the Director of the Budget, as though they were their "Magenot line."

I think they are going to fare about just as badly with that type of Magenot Line psychology as France did. There are going to be some changes and there are going to be changes, in my opinion, below the Budget Director's recommendations, in spite of the fact that apparently there is a concerted drive to bring everything back up to the Director of the Budget figures.

In my opinion they are not going to get up there.

As I pointed out before, as far as this chairman is concerned, and I believe as far as this committee is concerned, there may have been some cuts which were far more drastic than good operation would warrant.

We were trying to approach this problem with an open mind to adjust as we felt adjustments could be made, keeping in mind the need for a solvent Federal Government, and for relief for the taxpayers of the United States. But if we cannot get cooperation from these agencies in showing where we can pick and choose a little bit on this, then we are going to have to use our best judgment and go ahead and make the cut.

We are not going to be put in a position where we have to give a blank check or rubber stamp to the Director of the Budget.

The sooner all of the agencies recognize that, I think the happier our relationships are going to be.

The meeting is recessed until 2:30 this afternoon.

(Thereupon, at 12:30 p. m., a recess was taken until 2:30 p. m. of the same day.)

AFTERNOON SESSION

(The committee reconvened at 2:30 p. m., at the expiration of the recess.)

Senator KNOWLAND. The committee will come to order. The next witness will be Mr. Miller, from the Office of the Administrator.

FEDERAL SECURITY AGENCY

OFFICE OF THE ADMINISTRATOR

STATEMENT OF LEO L. MILLER, EXECUTIVE ASSISTANT TO
ADMINISTRATOR, FEDERAL SECURITY AGENCY

STANDARD CLASSIFICATION SCHEDULE

(The standard classification schedule is as follows:)

Salaries, Office of Administrator

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or decrease (-), 1948 estimate compared with 1947	Increase (+) or decrease (-), bill com- pared with estimate
01 Personal services: Departmental...	\$314,579	\$375,000	\$320,000	+\$60,421	-\$55,000
Grand total obligations.....	314,579	375,000	320,000	+60,421	-55,000
Received by transfers from—					
“Salaries, consolidated operations, Social Security Administration”.....	-85,000	-----	-----	+85,000	-----
“Salaries and expenses, U. S. Em- ployees’ Compensation func- tions, Office of Administrator, Federal Security Agency”.....	-10,420	-----	-----	+10,420	-----
Excess of obligations over appropria- tions due to Public Law 390.....	-23,500	-----	-----	+23,500	-----
Total appropriation or estimate..	195,659	375,000	320,000	+179,341	-55,000

Mr. MILLER. Mr. Chairman, the first item is found on page 37, line 22, of the bill.

The first item under consideration there is the Office of Federal-State Relations, which had a request for three positions. The justification will be given by Mr. George Bigge.

STATEMENT OF GEORGE E. GIBBE, DIRECTOR, FEDERAL-STATE RELATIONS

OFFICE OF FEDERAL-STATE RELATIONS

EFFECT OF HOUSE REDUCTION

Mr. BIGGE. Mr. Chairman and members of the committee, when the House considered this budget, they indicated a reduction of \$50,000 to apply to a certain group of offices in the Administrator's office, and that affects my own activity to the extent that Mr. Miller has indicated, cutting my staff from five to two, myself and one stenographer.

NATURE OF WORK CARRIED ON

The work of the office was not discussed and I am inclined to think the House committee was not fully aware of the nature of the work we were doing so I would like an opportunity to explain that very briefly.

When the Reorganization Plan No. 2 was passed last summer, the Federal Security Administrator established the Office of Federal-State Relations and made the Director responsible for developing the policies, methods, and procedures necessary for carrying out the purposes expressed in that Reorganization Plan No. 2.

You will remember section 10 of that plan reads as follows:

In order to coordinate more fully the administration of grants-in-aid programs by officers and constituent units of the Federal Security Agency, the Federal Security Administrator shall establish, insofar as practicable, (a) uniform standards and procedures relating to fiscal, personnel, and other requirements common to two or more such programs, and (b) standards and procedures under which a State agency participating in more than one such program may submit a single plan of operation and be subject to a single Federal fiscal and administrative review of its operation.

MAJOR GRANT-IN-AID PROGRAMS

There are 16 major grant-in-aid programs under the Federal Security Agency; 7 under the Social Security Administration, 2 under Office of Education, 6 under the United States Public Health Service, and 1, vocational rehabilitation, under the Office of Special Services.

DEVELOPMENT OF STANDARDS IN PROGRAMS

Each of these represents a fairly distinct field of activity. Each activity is carried on under a separate law. Each law imposes certain requirements which a State must meet in order to receive Federal funds for this program. Some of these requirements are quite specific, others are very general, some are fairly uniform in the several fields, while others are peculiar to a given program.

In some fields, unemployment compensation for example, much progress has been made in establishing standards to be used in judging effectiveness of State administration.

In the field of merit-system administration, standards worked out in 1939 by the Social Security Board, the United States Public Health Service, and the Children's Bureau have been quite generally accepted in the various programs. In the main, however, each agency has operated independently.

Few objective standards have been established even within a given program and none—except merit systems—are applied uniformly by the several agencies. Some of the differences are due to differences in the requirements specified in the several laws, but more arise from the fact that until now there has been relatively little conscious effort directed toward achieving uniformity.

The Office of Federal-State Relations was set up to stimulate such effort in every branch of the Agency which is responsible for one or more grant-in-aid programs.

The Office has been working very closely with the constituent units of the Agency with a view to stimulating and assisting the units in simplifying operations, and establishing uniform objective standards.

NATURE OF ACTIVITIES

Most of the time has been devoted to activities such as the following:

1. A review of each program, both laws and regulations, to distinguish requirements which a State must meet as a condition of qualifying for grants, from other areas of Federal-State relationships.

Every constituent unit is reexamining its activity from this point of view and this Office is following developments closely.

2. Revision of State plans to eliminate all but the necessary material. This will make possible a great reduction in the amount of material submitted by States for review by the Federal agencies, and save much time for both the Federal and State agencies. Some progress has been made in this respect but most of the work lies ahead.

3. Development of standards in connection with each requirement so a State agency will know what is expected. The initial work in developing standards is done by the Federal agencies, but before they are finally formulated they are thoroughly discussed with representatives of State agencies.

Some units have made substantial progress in developing standards in certain areas, and in the field of merit systems fairly uniform standards are in effect wherever called for by Federal legislation or regulation. In other areas there are very few standards which apply to more than one program. This remains to be done.

4. Development of similar procedures by the several units of the Agency in handling State plans.

5. Development of joint plans for several programs where the content is closely related. The Bureau of Public Assistance has developed a single plan for old age, aid to the blind, and aid to dependent children.

The use of a joint plan is being studied by the Children's Bureau which now has separate plans for the maternal and child health and the crippled children's programs, as well as for child welfare. The

United States Public Health Service also has an interest in plans covering activities related to maternal and child health, and joint efforts with the Children's Bureau are under way.

These and other activities are being carried on to see how far joint plans are feasible in the several fields.

6. Development of procedures for joint review of State operations in areas where there are common or joint plans.

SIZE OF PRESENT STAFF

All of these activities are going forward at the same time in one or more of the constituent units of the Agency. In order to enable the Administrator to discharge his responsibility, to assure continued progress, and to attain the desired uniformity of procedures wherever possible, it is necessary for this office to suggest, to stimulate, and to keep in constant touch with such activities in all the units.

We think the present staff of five is about the minimum with which this can be done effectively.

Senator KNOWLAND. Any questions, Senator Thomas?

Senator THOMAS. I have no questions.

Senator KNOWLAND. Senator McKellar?

Senator McKELLAR. No questions.

Senator KNOWLAND. There is no duplication in the field of your activities with any other agency?

Mr. BIGGE. No, indeed, sir. Wherever possible I use persons in the several bureaus to carry on the work under my supervision.

STATEMENT OF ELLEN S. WOODWARD, DIRECTOR, OFFICE OF INTERAGENCY AND INTERNATIONAL RELATIONS

INTERAGENCY AND INTERNATIONAL RELATIONS

EFFECT OF HOUSE REDUCTION

Mr. MILLER. The next item is Office of Interagency and International Relations, with a reduction of five positions. That will be justified by Mrs. Woodward.

PURPOSE OF OFFICE

Mrs. WOODWARD. The Office of Interagency and International Relations of which I am the Director, was established in July 1946 by the Administrator of the Federal Security Agency to assist him in handling the additional demands placed upon his Office because of the increased participation of the Agency in international activities.

With your permission, I would like at this point to place on the record Agency Order No. 6, which describes in broad outline the major functions of the Office of Inter-Agency and International Relations.

WORK NOT CARRIED ON PRIOR TO JULY 1946

Senator KNOWLAND. Might I ask at this point who did this work prior to July 1946, when your division was set up?

Mrs. WOODWARD. No one did this work, Mr. Chairman, because the need for the work came about as a result of the recent rapid develop-

ment of the various United Nations bodies and the necessity for the State Department to formulate United States policy in the social field.

The Federal Security Agency having within it health education, social security, and related programs, has a primary responsibility for giving to the State Department whatever assistance it requests in these fields.

In fact, we feel we have a great obligation to do so, since by congressional act, the Federal Security Agency does have the major responsibility in the social fields dealing with these problems.

Therefore, the Administrator, because of the increasing demands made upon his office, set up this very small office, working closely with him, and acting for him on the over-all Agency matters with the State Department and other agencies concerned with international affairs.

Senator KNOWLAND. How many do you have?

Mrs. WOODWARD. We have only four professional persons.

May I say, too, that I have here as a matter of information, the chart of the Federal Security Agency which shows the relationship of my office to the other units of the agency.

Senator KNOWLAND. They will be included in the record at this point.

(The information referred to is as follows:)

FEDERAL SECURITY AGENCY

FEDERAL SECURITY AGENCY ORDER 6¹

Subject: Office of Interagency and International Relations.

The Office of Interagency and International Relations, under the supervision and direction of the Director of Interagency and International Relations, shall be responsible to the Federal Security Administrator for—

(a) Coordinating the relationships of the Federal Security Agency with other Federal departments and agencies, international agencies, and organized groups concerned with health, education, welfare, social insurance, and related programs by—

(1) Formulating and integrating policies on these relationships developed in the various constituent organizations of the Federal Security Agency; advising the Administrator on the development and application of these policies.

(2) Developing, establishing, and maintaining cooperative relationships with other Federal departments and agencies and with organized groups; and representing the Federal Security Agency on interdepartmental committees concerned with health, education, welfare, social insurance, and related programs in order to present and interpret the policies and viewpoints of the Agency and promote its interest in related programs.

(3) Developing, establishing, and maintaining cooperative relationships and continuing contacts with international agencies and organizations in related fields of activity, such as United Nations, International Labor Office, the United Nations Educational, Scientific, and Cultural Organization, World Health Organization, Inter-American Committee on Social Security, etc.

(4) Acting as liaison with representatives of foreign governments interested in the promotion of health, education, welfare, social insurance, and related programs, and advising the Administrator concerning opportunities for study and exchange of experience and information and for interchange of students and personnel.

(b) Advising the Administrator on programs and activities of all agencies and organized groups active in the fields of health, education, welfare, social insurance, and related programs, and on relationships with such organizations.

(c) Ascertaining the views of other Government agencies on matters of broad policy, evaluating their effect upon the policies and programs of the Federal Se-

¹ Supersedes Agency Order No. 59, dated July 16, 1946.

curity Agency and making recommendations to the Administrator thereon; and arranging Agency conferences with other interested organizations on matters of mutual concern in the general fields of education, health, welfare, and social insurance.

WATSON B. MILLER, *Administrator*.

JANUARY 15, 1947.

SIZE OF STAFF

Mrs. WOODWARD. The staff consists of four professional persons including myself and three stenographers. It was never intended that the Office should have a large staff nor that it would duplicate the technical activities of the constituent units.

EFFECT OF HOUSE REDUCTION

The extent of its responsibilities, however, requires the retention of the present small staff if it is to function effectively. The reduction in the budget which would take effect if the action of the House is sustained, will reduce the Office to a director and one secretary.

This reduction would defeat the Administrator's purpose in establishing this Office. Further it would embarrass the Agency, as the Administrator would not have available a sufficient number of persons familiar with the international activities of the Agency to represent him on interdepartmental committees set up by the State Department to formulate United States policy.

ACTIVITIES IN INTERNATIONAL FIELD

In order that the committee may be informed of the kind and extent of responsibilities placed upon the Administrator's office and may fully understand why the request is made for restoration of the budget as originally requested for 1948, I should like to discuss briefly the kinds of activities in the international field with which the Federal Security Agency must deal.

The Agency is made up of several branches responsible for operating programs in different substantive fields—health, education, social security, and related fields.

Each of these branches carries responsibility for the international aspects of work in its own field. These officers, however, cannot fulfill the full responsibility of the Agency. The Federal Security Agency is called upon by the State Department to help formulate United States policy on matters that are of broader scope than the work of any one Agency branch.

We are asked to express the Agency's view and to contribute to the formulation of policy on matters that are of concern to the entire Agency. In such instances the operating branches have a contribution to make on specific aspects of particular problems.

The views of the different branches, however, must be brought together in a way that takes into consideration all the interests of the Agency.

No one branch can do this. It is necessary, therefore, to have a central office to deal with the State Department on such matters and to form a unified policy that the Agency as a whole supports.

Just as other departments of the Government, such as Agriculture, Commerce, and Labor, have special offices to centralize their work on

foreign affairs and to represent them on international matters, the Federal Security Agency needs a central point of contact with the State Department and other agencies concerned with foreign affairs.

Senator McKELLAR. Give us an illustration, Mrs. Woodward, if you will, as to what kind of work that would be.

Mrs. WOODWARD. I would be glad to, Senator McKellar. At this point, I want to say that I have tried to make my statement here very brief, because of the instructions we received.

I should like very much to have made a statement similar to the statement that was made by the Assistant Secretary of Labor, Mr. Morse, before your committee a few days ago, because the international work of his office is very similar to that of the Federal Security Agency.

One of the major differences is that he deals primarily with the one subject of labor while the Federal Security Agency deals with health, education, social security, and several related programs.

Senator McKELLAR. I was just wondering how inclusive the international situation goes up.

Mrs. WOODWARD. If you would allow me to continue with my statement, Senator, I believe it contains the information you want. If not, I would be glad to give as many illustrations as you feel you would like to hear.

I think I was telling you that each of these operating branches carries its own responsibility for the international aspects of the work in its own field but they cannot do the work for the over-all Agency. As no one branch can do this it is necessary for us to have this central office to deal with these matters.

Just as the Departments of Agriculture, Commerce, and Labor have their special offices to deal with these international matters, so our Agency must maintain a very small office to do the same thing.

The work of this Office has become increasingly important as the State Department has extended its use of interdepartmental machinery to formulate United States position on matters coming before the various bodies of the United Nations.

INTERDEPARTMENTAL COMMITTEE ON INTERNATIONAL SOCIAL POLICY

By Presidential order in December 1946, the Interdepartmental Committee on International Social Policy was established to formulate United States policy in this field.

This Committee is concerned with the international aspects of health, education, social insurance, welfare, human rights, status of women, and social matters in the non-self-governing territories. The instructions to the United States member of the Economic and Social Council on all social matters coming before the Council at its recent session, February 28 to March 29, were considered and acted on by this Committee, while economic matters were considered and acted on by the Executive Committee on Economic Foreign Policy.

The Agency must be represented on the Committee by a member of the Administrator's staff who can speak for the Agency as a whole. This responsibility is carried by this Office for the Administrator. The technical work of the various subcommittees is done by the operating branches.

LIAISON WITH STATE DEPARTMENT

This Office also serves as liaison with the State Department on all matters concerned with the Economic and Social Council of the United Nations.

In this capacity the Director of the Office served as adviser on social welfare matters to the United States member of the Council at its recent session.

The agenda of the Council included a number of subjects on which the Agency, through the means of this Office, had helped to develop United States position earlier in the year. The staff of this office were the only persons in the Agency familiar with all of the items in the social field on the agenda of the Council.

This central Office is also necessary in order to represent the Agency as a whole in working with the State Department on projects of educational, scientific, and cultural cooperation. It is inefficient to have representatives of the various branches all dealing with the State Department on a subject of concern throughout the Agency.

OFFICE WORKS WITH OPERATING BRANCHES

In summary then, this Office supplements, facilitates, and coordinates the work of the operating branches. It serves as the means for forming the combined opinion of the various branches and of representing this opinion on interdepartmental committees and working groups where only one Agency representative may serve.

It must be provided with a minimum staff of persons concerned with the interest of the Agency as a whole and familiar with matters not falling exclusively within the field of any one branch of the Agency, if the Administrator is to assume his responsibilities for the central coordinating and policy-forming functions.

As I mentioned a few minutes ago, Mr. Chairman and members of the committee, I have made this statement brief, thinking that was according to your own wishes.

I would like to call attention if I may, though, to certain paragraphs in the statement made by the Assistant Secretary of Labor, Mr. Morse, before your committee.

REFERENCE TO STATEMENTS BY ASSISTANT SECRETARY MORSE OF LABOR DEPARTMENT

The paragraphs in Mr. Morse's statement describing the activities of the Interdepartmental Committee on International Social Policy apply even more directly to the Federal Security Agency than to the Department of Labor, as the major matters under consideration by this social policy committee are in the fields of health, education, social insurance, and welfare; and the official agencies in these fields are in the Federal Security Agency.

Mr. Morse's emphasis upon the need for consultation and agreement among Federal agencies for formulating United States policy into position papers for the instruction of United States Representatives is equally applicable to the Federal Security Agency.

His discussion of the activities of the Committee on Scientific and Cultural Cooperation apply equally to the Federal Security Agency

as our Agency in this instance also is responsible for some of the major projects under the supervision of this Committee.

Senator, to more directly answer your question, may I show you this small chart of the United Nations.

WORK WITH ECONOMIC AND SOCIAL COUNCIL

The State Department has a representative on the Economic and Social Council. This United States Member of the Council is advised by the various agencies of the Government which are concerned with economic and social problems.

The Federal Security Agency being the agency of the Government most concerned in the social field, assigned me as the adviser to the United States member, representing the Administrator and the Agency as a whole. The Economic and Social Council is the coordinating agency of the United Nations on economic and social matters.

Under this Council are nine commissions, several of which have special significance for our field. Our Agency is deeply concerned about the matters coming before the social commission, for instance. A member of the Agency is the United States member on the Social Commission.

HUMAN RIGHTS COMMISSION

We are interested in the Human Rights Commission. Therefore, we have a member on the Human Rights Committee, where work on the position papers is done for the Human Rights Commission. This is a part of the work of my office.

Senator BALL. Is it "Commission on Human Rights"?

Mrs. WOODWARD. Yes, sir.

Senator BALL. What are human rights as distinguished from civil liberties?

Mrs. WOODWARD. Well, all of the rights. The right to education, the right to a job, the right to minimum economic security, personal rights, civil rights, and so forth. The Human Rights Commission held its first meeting the latter part of January and beginning of February.

The State Department, as our department of Government responsible for the development of our foreign policy within the scope that the Congress gives it, calls upon agencies like the Federal Security Agency to serve on this Interdepartmental Committee on International Social Policy, to give advice and to make recommendations as to what the United States position should be in the various social fields in which we have competence.

NARCOTIC DRUGS AND OTHER COMMISSION

Now there are other commissions in which our agency has concern because of their social aspects. Examples of these are the Narcotic Drugs Commission, Population Commission, Statistical Commission, and Commission on Status of Women.

COOPERATION WITH STATE DEPARTMENT

We have assisted with the preparation of materials for the State Department where the Federal Security Agency has a stake, and the

position papers thus developed go forward to the United States member who is instructed by the State Department as to what the United States position should be.

One of the reasons that it was necessary for the United States member to have an adviser with him at the meeting of the Economic and Social Council, for instance, was because even though he receives advice and assistance through these position papers, the United States may have to compromise or make a change in its position right on the spot.

Therefore, there are advisers in these various fields ready, able and competent to accompany him and to give the necessary advice on the spot.

I served as the adviser to the United States member representing the over-all Agency. Before going, we had conferences with all of the constituent units of our Agency who are concerned with these various technical fields of health, social security, and so forth.

NATURE OF WORK IN CONNECTION WITH ECONOMIC AND SOCIAL COUNCIL

Senator BALL. Can you give us one specific example of the type of issue that arose on which you advised the United States member?

Senator McKELLAR. That is what I wanted.

Mrs. WOODWARD. I have here copies of position papers on matters that came up on the provisional agenda of the Economic and Social Council. I might read a few of them, if you would care to hear them.

In the report of the Narcotics Commission, several resolutions on narcotics came up. Of course, the Food and Drug Administration and the Public Health Service both are within the Federal Security Agency. They were both interested in these resolutions. They assisted in developing the papers that were approved by the State Department and used as position papers when this matter came up before the Economic and Social Council.

Senator BALL. What is this Council trying to do, draft possible revisions to the international conventions which now cover the traffic in narcotics and so on?

Mrs. WOODWARD. The United States position was for the adherence of practically all nations—not Spain, Germany, or Japan—to the narcotics protocol of December 1946, to control the traffic in narcotics; and for limitation of the production of narcotic raw materials and the abolition of opium smoking in the Far East.

We had a number of meetings on this because it is my responsibility as the Administrator's representative on this International Social Policy Committee, to hold whatever conferences may be necessary within our Agency before going over to represent the Agency as a whole at these interdepartmental committee meetings.

Senator KNOWLAND. Would it not be a question of a fairly technical subject, dealing with the control of narcotics; would it not be better to send the person having a lifetime of experience in that field when we are setting up policy in that regard?

Mrs. WOODWARD. Of course, technical advisers assist in the preparation of the position papers, but you see the Administrator, Mr. Chairman, has responsibility for the whole Agency and for the over-all policy of the Agency, not just the policy of the Public Health Service or the Office of Education or the Social Security Administration.

He has responsibility for building the over-all policy of the Agency and dealing with any department of Government from the standpoint of the Agency as a whole, just as you would expect Commerce, Labor, or any of the other departments of Government to represent their whole agency.

Senator BALL. Would not the Narcotics Bureau and the Immigration Service actually have a much more direct interest in the international control of narcotics traffic than the Food and Drug; that is a general matter?

Mrs. WOODWARD. Yes, sir. We did not have major responsibility for that part of it.

Then we had the report of the Social Commission, and that included a number of things, whether or not there should be a subcommission on child welfare, an exploration of what child-welfare activities there are in the nations of the world, what the needs of children are, and so forth.

Then the Assembly resolution on the International Children's Emergency Fund and the report of the Executive Board of the fund.

Then the report of the Social Commission which had to do with the General Assembly resolution on the transfer of UNRRA welfare activities to the United Nations, and training of social-service personnel.

I was a member of the United States Delegation at the time the Council of the United Nations Relief and Rehabilitation Administration met at Geneva, and that resolution came forward from Geneva to the General Assembly and the General Assembly took action on it. It was necessary, then, for it to come to the Economic and Social Council for final determination as to which UNRRA activities should be continued.

We were the Agency best equipped to discuss those matters, and I therefore served as adviser to the United States member.

Then, the Assembly resolution on the transfer of nonpolitical functions of the League of Nations.

Among the functions considered was that of traffic in women and children. It is a welfare matter of great concern to us as the agency of the Government which should have that concern.

Then, considerations of the Economic and Social Council on the calling of international conferences on freedom of information on housing and town planning, and on international penal and penitentiary matters.

Many matters came up, but I will not go into all the details unless you wish me to.

Senator KNOWLAND. It strikes me that some of those things are activities where the State Department would get its information from either the Department of Commerce, possibly, in building, or from the Department of Labor, or their own information. The State Department itself has quite a substantial organization.

I do not happen to be on that subcommittee, but I dare say when our committee goes into it, we will find there may be some parallel group set up in the State Department along these same general lines.

AGENCIES SERVING ON INTERDEPARTMENTAL COMMITTEE

Mrs. WOODWARD. I would like to say, Mr. Chairman, that there are six different agencies or departments of Government that serve on this Interdepartmental Committee. Our Agency does not make the final determination, or take the major part in all of the discussions, but we do have a stake wherever the matters with which we are concerned come up.

If they are health matters, if they are matters of education, if they are matters of social welfare, they are of first concern to us.

It is true just as you state, that some of the others, Commerce, Labor, Interior, State Department, and Federal Security Agency, are all on this committee.

We all work together and these problems are worked out. It is not just a matter of one agency making the final determination and final recommendations to the State Department as to what the position shall be. Consideration is given by all of the concerned departments and agencies before the policy is formulated and before United States position is decided upon.

LIAISON WORK

Senator THOMAS. To what extent is your agency a liaison department between the United Nations and the United States Government, which is the State Department, as far as foreign relations is concerned?

Mrs. WOODWARD. Our officer is the liaison with the State Department and through it with the Economic and Social Council of the United Nations.

As the work of the United Nations has increased, the work of our Agency has increased likewise, because of its large stake in the social field.

Senator THOMAS. What other agency have we that serves in that capacity between the State Department and the United Nations other than yours?

Mrs. WOODWARD. We have no other agency of Government, Senator Thomas, representing the fields in the Federal Security Agency. We are the only Agency having the mandate from Congress to deal with these particular problems.

Therefore, we consider it certainly our responsibility to the United States Government, and to the State Department, to assist in the formulation of United policy for the instruction of the United States members on these various commissions, the various specialized agencies and the like.

You see, there are specialized agencies that are coordinated by this Economic and Social Council. For instance, the World Health Organization, the International Refugee Organization, Food and Agriculture, UNESCO, and so forth.

We are also interested in the International Labor Organization from the social welfare standpoint.

BUDGET ESTIMATE FOR OFFICE OF INTERAGENCY AND INTERNATIONAL RELATIONS

Senator BALL. How much is the budget estimate for your office? Where is it in this bill?

Mrs. WOODWARD. I think it is just a little less than \$40,000 for the entire budget. The House committee cut the budget 71 percent.

AMOUNT OF INCREASE REQUESTED

What we are asking now is the restoration of \$27,257, which means five people.

Senator BALL. What item is it in the bill?

Mr. MILLER. It is a part of the appropriation under "Office of the Administrator," starting on page 37, line 14.

Senator BALL. The appropriations are over on page 38. The "Division of Service Operations"? Is that the one?

Mr. MILLER. No; "Salaries, Office of the Administrator," is an appropriation item ending on line 22 there.

Senator BALL. I understand.

They only cut \$65,000 off. Did they specify what should be cut out?

Mr. MILLER. Yes, sir.

Mr. STEPHENS. On page 34 of the House report, Senator Ball.

NO LEGISLATIVE AUTHORIZATION FOR PROGRAM

Senator McKELLAR. Did Congress write an act on it?

Mrs. WOODWARD. No, Senator, because this has grown out of a definite need and this need has developed as the United Nations has called upon the State Department for aid and as the United States has participated more and more in the United Nations and its subsidiary and affiliated bodies.

Senator McKELLAR. As much as I admire you, and have known you for a long time and know you are a very splendid woman, for the life of me, I think that where Congress has a duty to pass a law authorizing something to be done, that law ought to be passed. It cannot go up. If we allowed it to go up, we would not have a government of three people, we would have a government like we had when we had no government at all but one human being to take care of it.

If this is a good thing, it should be presented to Congress and Congress would pass an act. Then you would have something to come to Congress with, but this is something Congress should act on.

Mrs. WOODWARD. Of course, your judgment prevails, but I would like to say that this staff is in the Administrator's office.

Senator McKELLAR. But the Administrator is not the legislative body for this Government.

We still have a Constitution in this country. A great many people pay little attention to it, but the Constitution of the United States provides that Congress shall pass the laws and not various administrators, or one administrator.

Even the President, being the chief administrator, he has no right to pass a law, except as Congress gives him the right in time of war.

HOUSE ACTION

Senator BALL. I am still at somewhat of a loss to understand this language. All the House specified concerning this cut, was that aside from the reduction of \$5,000 in the budget division the reduction is to apply to the Office of Special Services.

Mr. STEPHENS. In that case the House had something which I do not think you had. They had the entire \$375,000 divided into projects, this immediate office, the program staff offices, the office of information, the budget, and the personnel and so forth.

Senator McKELLAR. Did they turn it down on the ground there was no law provided for it?

Mrs. WOODWARD. Senator, may I try to answer that question? And this is a matter I would like to get into the record: No questions were asked at all. I was there a day and a half and was not asked to testify.

Therefore, since the budget justification was before the House committee, I had, I felt, every reason to assume the committee approved of it or would have asked some questions about it.

Senator KNOWLAND. Has this reduction been made by the Administrator, then? Has the cut gone down of your particular activity by the Administrator as a result of the action of the House?

Mrs. WOODWARD. No, sir; it was done by the House committee.

Senator KNOWLAND. Where is the language in the House report that specifies your particular agency? It seems to me it leaves you a lot of leeway there.

Mrs. WOODWARD. The cut was to apply to the group of offices, Mr. Chairman.

Senator KNOWLAND. Have you applied the same pro rata reduction into the two you have shown me, or has more been applied to this particular activity than to the other?

Mr. STEPHENS. Our interpretation of the House action was as these people have indicated.

Senator KNOWLAND. Pro rata to the sums that they now have, percentage-wise, or has a higher cut been taken?

Senator McKELLAR. We have no right to appropriate money unless Congress has passed a law providing for it.

Senator BALL. How would it be if we just made the cut and let you spread it wherever you want to?

Mr. STEPHENS. I have nothing, of course, Senator, except the House report. I have no other official information from the committee as to its intentions or its plans.

The House in the past has been fairly explicit in cuts, in the Office of Education, and in the Office of the Administrator, where they expect the cuts to apply. They went so far last year to spell out the jobs in the House report. In this case they did not do it specifically.

As to a percentage cut, Mr. Chairman, there are so few jobs involved that you could probably split some people in there. You could not absolutely apply a percentage cut.

Senator BALL. After all, you see the House allowed you \$5,000 more than you had this year.

Mr. STEPHENS. That is right, sir.

ORIGIN OF OFFICE OF INTERAGENCY AND INTERNATIONAL RELATIONS

Senator THOMAS. Mr. Chairman, inasmuch as the origin of the department is so much in question, I would like to have the record show just how the office of the Federal Security Agency came into being.

Was it by Presidential directive or a State Department directive or Labor Department directive, or how did it come into being in the first instance?

Mrs. WOODWARD. Do you mean this small office, Senator.

Senator THOMAS. Yes.

Mrs. WOODWARD. For quite some time, the Administrator had been called upon——

Senator THOMAS. By "Administrator," who do you mean?

Mrs. WOODWARD. The Administrator of the Federal Security Agency had been called upon to do certain work for the State Department, you see, in connection with international activities, and these requests kept coming so rapidly that we had to have some assistance in order to carry on.

I had attended and participated in six international conferences by request of the State Department dating back to 1943, when the first United Nations Organization was set up, the United Nations Relief and Rehabilitation.

During the interim between the six different sessions at Atlantic City, Montreal, London, Atlantic City again, Geneva, and Washington, I was the member of the Technical Committee on Welfare and of the Subcommittee for the Far East.

Therefore, more and more it was necessary for the Administrator to participate in this work and to discharge his obligations to the State Department by giving advice and the assistance in the fields which are within the Federal Security Agency.

He asked me to accept the place as Director of this small office, and I have been working on this matter ever since.

I would like to add that the work has certainly increased rather than decreased, and there is no evidence of any decrease, Mr. Chairman and members of the committee—not so long as United States participation in international affairs continues.

Senator KNOWLAND. We might put in Federal Security Agency No. 6 at this point, relative to the Office of International and International Relations.

Senator THOMAS. That was the information which I thought the record should show.

AMOUNT OF INCREASE REQUESTED

Mrs. WOODWARD. Unless there are other questions, I would just like to say that during this present uncertain state in world affairs, the United States policies, I think we all agree, in international matters, are of critical importance, and I sincerely hope that you, Mr. Chairman and members of the committee, will see fit to restore this very small amount of money, \$27,257, in order that the Administrator may be able to discharge his responsibilities with respect to these international activities which are of such growing importance to the United States Government.

Senator KNOWLAND. If there are no further questions, we thank you.

STATEMENT OF DEAN SNYDER, EXECUTIVE OFFICER, COMMUNITY WAR SERVICES

OFFICE OF SPECIAL SERVICES

AMOUNT OF REDUCTION

Mr. MILLER. The next item, Mr. Chairman, for consideration under that appropriation is a reduction made in the Office of Special Services, of one position, \$8,179.

That is still part of the very same appropriation, Senator, on page 37, line 22. Mr. Dean Snyder will give the justification of that item.

Mr. SNYDER. Mr. Chairman, and gentlemen of the committee, this has to do with a small money item—\$8,179—in the estimate, but with a staff responsibility in the Administrator's office, specifically in the Office of Special Services, that we consider to be of considerable importance.

That importance is twofold.

QUESTION AS TO LEGISLATIVE AUTHORIZATION

Senator McKELLAR. Is that provided for by statute or just one of those items that has grown up?

Will you answer this in the beginning?

Mr. SNYDER. The first of the reasons for this particular item has to do with our relationship to the USO, which I may say is not a relationship provided by law, but a relationship we have had by written contract since the beginning of the war years and which continues for a few additional months, or another year, in a liquidation status.

The second of the reasons does have relevancy to what might be termed our legal responsibility in the sense that it relates to a portion of the reorganization plan approved by Congress last year, which makes specific mention of recreation as a function of the Federal Security Agency.

RELATIONSHIP TO USO

The first reason for this small item has to do with our relationship to USO.

We had during the war a rather sizable operation called Community War Services, which is now in liquidation. It comes to an end at the end of this fiscal year.

That relationship dealt with communities, community relationships to the armed forces, and with community hospitality for members of the armed forces on leave in areas adjacent to military camps.

That came about at the early stage of the war, as a result of the request of the Army and Navy in conference with the Federal Security Agency, and with large private national organizations, and consequently, the Office of Community War Services was set up, and that Office now passes out of the picture.

Quite apart from that, the Administrator of the Federal Security Agency has a continuing relationship to the United Service Organizations, to USO, which was part of the original arrangement under which USO, as a federation of six private organizations, undertook to be responsible for a large segment of money raised from the American

people through private subscription for these purposes which I have just mentioned.

At the height of their operation, USO asked the American people for, and received, some \$55,000,000 per year for war hospitality and recreation service. That USO operation still continues but on a greatly reduced basis.

The budget this year, this calendar year for that operation, is not nearly the high mark of \$55,000,000, but is now at the rate of approximately \$1,000,000 a month, or \$12,000,000 per year.

The relationship of the Federal Security Agency to USO which has existed from the very beginning is in the nature of official governmental sponsorship for their activities. In effect, I suppose, it is a guaranty of continuing relationship with the armed services and other parts of the Federal Government that are concerned with recreation activities in communities.

Senator KNOWLAND. You had nothing to do with the USO activities overseas; that was purely the domestic phase of it?

Mr. SNYDER. That is correct, sir; with the exception of off-shore bases—Newfoundland, Bermuda, Alaska, Iceland, and Hawaii—and in the later stages of the war, in the Philippines, to some extent.

The bulk of the overseas USO operations were Red Cross Clubs with the exception of the camp-show operations, which was a series of traveling units.

Senator KNOWLAND. Did not the Army have their own Special Service Division to handle that phase of it?

Mr. SNYDER. Yes; overseas they did also, but I think to a great extent they relied, and naturally so, upon all the help they could get from all quarters in addition to their own provisions for troop entertainment.

The relationship, then, to USO is a continuing one until that organization passes from the scene. Their official operations will close December 31 of this calendar year.

As I said, they are spending now on a \$12,000,000 yearly basis, but you can understand that these expenditures are on a diminishing basis, so as USO approaches closer to December 31 their operations are scaled down in consequence.

RESPONSIBILITY IN CONNECTION WITH USO

We stand responsible to USO for several things. The Administrator has the responsibility and it is a question of having a staff person to help him discharge it. Among those things are the review of monthly and quarterly budgets, and the approval of them.

Senator KNOWLAND. What are they primarily spending a million dollars a month for now?

Mr. SNYDER. That is on the continuation of many soldier-service centers. There are several remaining here in Washington.

I was known at Fort Knox last week where the universal military training experimental unit is under way. This is a sizable USO operation in Louisville, Ky. Elizabethtown nearby has a continued operation but it is on a diminishing operation. We approve and sponsor their monthly and quarterly budgets.

We deal with other agencies of the Government on behalf of USO in several matters, the principal ones being the relationship to FWA and to the Army and Navy, determining what community activities should be deactivated where and when and at what rate.

That depends upon day to day work with responsible officers in the Army and Navy and Marine Corps in terms of their demobilization program.

TERMINATION DATE OF USO

Senator McKELLAR. How much longer will this USO continue?

Mr. SNYDER. It officially terminates December 31 of this year and at that time there will be remaining USO assets in a status of liquidation.

Our contract with them provides that we will consult with them as to the final disposition of those assets.

At the end of World War I, there was a rather sizable sum of money that remained over from a similar activity at that time. There was a good deal of scrambling at that point among the constituent parties of that similar organization as to the use of some of that money.

How much of that will remain, we would not know at this time. I doubt even if the USO officials would know but it could be we will have a number of hundreds of thousands of dollars perhaps three or four hundred thousand, or even more.

USO FINANCED WITH VOLUNTARY CONTRIBUTIONS

Senator THOMAS. How has this organization been financed to date? I understood it was financed originally with a voluntary contribution.

Mr. SNYDER. And it remains financed with voluntary contributions, Senator.

Senator THOMAS. Why are you asking for Federal funds?

Mr. SNYDER. In order to maintain the contractual relationship we have had with USO from the very beginning and to perform the kinds of liaison and coordinated services that I have mentioned.

Senator THOMAS. Is that from a voluntary contribution, this million dollars a month?

Mr. SNYDER. That is a voluntary contribution of the American people raised through a yearly campaign.

Senator THOMAS. I think you ought to show that here. You leave the inference you are asking for \$1,000,000 a month.

Mr. SNYDER. That is voluntary.

CONTRACT WITH USO

Senator McKELLAR. What contract have you with them now that the war is over?

Mr. SNYDER. We have a contract continuing until the date of USO termination.

Senator McKELLAR. Have you a copy of it with you? I would like to see it.

Mr. SNYDER. I have the contract here; yes.

Senator McKELLAR. I would like to see the contract.

NEED FOR CONTINUING RELATIONSHIP WITH USO

Senator KNOWLAND. I was just wondering why it was necessary in this postwar period. I recognize the need in a place like Camp Knox where there is a considerable number of troops in training, where the program might be desirable, but the thing I cannot understand is why we need this intermediate echelon of your agency in between the USO and the Army and Navy and the Army Service Section which the Army still maintains, I understand, and undoubtedly is in the War Department budget.

Why could not the contract be handled between the USO and the Special Services Section of the War Department?

Mr. SNYDER. It is not entirely a matter of relationship with the Army, Marine Corps, and Navy. Of course they are all involved. There are a number of things that bear on that very question, Mr. Chairman: One of them has to do with a large group of Federal recreation buildings which were originally built, with Federal money. There are still some 75 or so remaining in operation. Those buildings were built by the construction agency of the Federal Government, by the Federal Works Agency.

Those buildings were then turned over to the Administrator of the Federal Security Agency to have charge of them and to assure program operations in them. When their need is no longer urgent at that point we advise with the title holding agency, the Federal Works Agency, as to their best ultimate disposition.

Some real questions that are difficult to answer now occur at that point.

If, for example, the Congress should decide on some form of universal training it would be unwise to too quickly close out and demobilize certain of those facilities.

Exactly what camp locations would be used is a difficult problem to forecast and to predict at this time.

Now we have this further relationship. The USO looks to us to guarantee to them the continued availability of buildings in which to operate—Federal buildings—not all of their operations are in Federal buildings, I may add, because they make some direct rentals of property, but to the extent those Federal buildings are involved that assurance of availability is necessary.

FEDERAL BUILDINGS NOW IN OPERATION BY USO

Senator KNOWLAND. How many such Federal buildings are there?

Mr. SNYDER. At the peak we had somewhat over 400.

Senator KNOWLAND. What have we now?

Mr. SNYDER. That number has been considerably reduced. At the moment I do not have the exact figures here, but it is in the neighborhood of 75.

Senator KNOWLAND. Could you furnish a list of the locations and the value of the buildings?

Mr. SNYDER. I would be glad to do that.

(The information is as follows:)

Federal recreation buildings now in operation by United Service Organizations, Inc.

Region	Location	Project No.
I.....	New London, Conn.....	6-169.
	Brunswick, Maine.....	17-166.
	East Greenwich, R. I.....	37-132.
	East Greenwich, R. I. (addition).....	37-158.
	Newport, R. I.....	37-135.
	Do.....	37-161 (N).
II-III.....	Wrightstown, N. J.....	28-111.
	Near Pointville, N. J. (Browns Mill).....	28-113.
	Long Branch, N. J.....	28-119.
	Camp Kilmer (Middlesex County), N. J.....	28-155 (N).
IV.....	Aberdeen, Md.....	18-107.
	Annapolis, Md.....	18-122.
	Do.....	18-122 (N).
	Fayetteville, N. C.....	31-104.
	Jacksonville, N. C.....	31-126.
	Morehead City, N. C.....	31-133.
	Swansboro, N. C.....	31-258.
	New Bern, N. C.....	31-152.
	Virginia Beach, Va.....	44-105.
	Virginia Beach (addition).....	44-249.
	Newport News, Va.....	44-123.
	Hampton, Va.....	44-135.
	Petersburg, Va.....	44-165 (N).
	Do.....	44-314 (N).
	Do.....	44-165.
	Hopewell, Va.....	44-166.
	Yorktown, Va.....	44-169.
	Alexandria, Va.....	44-174.
	Bowling Green, Va.....	44-183.
	Bowling Green, Va. (addition).....	44-327.
	Bowling Green, Va.....	44-327 (N).
	Portsmouth, Va.....	44-220.
	Portsmouth, Va.....	44-308.
	Lackey, Va.....	44-331 (N).
V.....	Washington (Union Depot), D. C.....	44-129.
	Elizabethtown, Ky.....	15-132.
VI.....	Hopkinsville, Ky.....	15-167.
	Rantoul, Ill.....	11-101.
	Waukegan, Ill.....	11-109.
	Belleville, Ill.....	11-133.
	Waukegan, Ill.....	11-234 (N).
	Highwood, Ill.....	11-159.
VII.....	Anniston, Ala.....	1-125.
	Do.....	1-232 (N).
	Pensacola, Fla.....	8-140.
	Pensacola, Fla. (addition).....	8-307.
	Key West, Fla.....	8-149.
	Valparaiso, Fla.....	8-161.
	Delray Beach, Fla.....	8-251.
	Columbus, Ga.....	9-131.
	Columbia, S. C.....	38-102.
	Do.....	38-103 (N).
	Beaufort, S. C.....	38-107.
	Beaufort, S. C. (addition).....	38-142.
	Charleston, S. C.....	38-142.
	Charleston (addition).....	38-215.
IX.....	Lawton, Okla.....	34-132.
X.....	Orange, Tex.....	41-180.
	San Antonio, Tex.....	41-192.
	Leesville, La. (addition).....	16-125, 16-249, 16-248.
XI.....	Cheyenne, Wyo.....	48-105 (N).
XII.....	Marysville, Calif.....	4-422.
	Monterey, Calif.....	4-255.
	San Diego, Calif.....	4-279.
	Lampoe, Calif.....	4-367.
	Long Beach, Calif.....	4-218.
	Pittsburg, Calif.....	4-427.
	Pittsburg, Calif. (addition).....	4-517.
	Oceanside, Calif.....	4-487.
	Coronado, Calif.....	4-559.
	Inyokern, Calif.....	4-651.
	Pendleton, Oreg.....	35-125.
	Tacoma, Wash.....	45-111.
	Olympia, Wash.....	45-112.

Federal recreation buildings now in operation by United Service Organizations, Inc.—Continued

Region	Location	Project No.
Alaska.....	Ketchikan.....	50-105.
	Anchorage (equipment only).....	50-108.
	Fairbanks.....	50-110.
	Skagway (equipment only).....	50-156.
Puerto Rico.....	San Juan.....	52-106.
	Bellevue.....	52-146.
Canal Zone.....	Ancon (Tivoli).....	56-101.
	Cristobal.....	56-101.
Hawaii.....	Honolulu (Victory Club).....	51-122.
	Wahiawa-Kamehameha.....	51-126.
Trinidad.....	Port of Spain.....	60-101.
	Port of Spain (addition).....	60-103.
	Port of Spain.....	60-102 (N).

NOTE.—The above list compiled as of Feb. 13, 1947, subsequent to USO-FSA Contract Supplement No. 8.

Information as to the value of the above buildings is contained in the files of the Federal Works Agency as the construction agency, and is not contained in the files of the Federal Security Agency.

Mr. SNYDER. That is the contractual and continuing arrangement on behalf of the Administrator of the Federal Security Agency with USO. It is a diminishing one, ending as to program operations on December 31 of this year, and thereafter, being concerned with the decision as to the liquidation arrangement—and the further decision at that time regarding the subsequent public use of recreation buildings in a way that would be desirable to all concerned and of public benefit.

INVESTMENT IN PROPERTIES

There is quite a heavy investment in properties; there is quite a heavy investment of time and effort and experience over the last few years in the kind of program service that is being provided in these buildings.

USO has done an essential job; it has been well received by the people. A little-known chapter in that connection has been the relationship of the Federal Security Agency as the official sponsoring Government agency to the whole USO development. Their president is frequently in the Federal Security Administrator's office, and it is that kind of staff relationship to USO, to the armed services, to the Federal Works Agency, and in anticipation of some things we cannot now foresee, but which undoubtedly will be cleared up by the time of their official termination.

CONTINUING WORK OF USO

Senator THOMAS. Is it not a fact that at all of the permanent posts there is more or less of this activity under your jurisdiction that is still being carried on?

Mr. SNYDER. I attended a meeting in Secretary Patterson's office several months ago. At that time, the Secretary of War urged very strongly upon the USO not to disband but to continue, and his point was that these services had been very valuable. USO has not played off one private interest against another, but it has been a banding together of forces. The Secretary stressed that the American army of the future had to be a different Army in peacetime than was true

previously, an army of men who would be regularly acceptable with warm-hearted hospitality in the communities.

Senator THOMAS. Is it not further a fact that at these various posts where the training is continued, that these cities are contributing quite a bit to those programs, and you should provide united assistance between the city and the military forces?

Mr. SNYDER. We have always encouraged in the Federal Security Agency, as a strong policy, the use of local resources and the carrying by local communities of their own load. USO relies upon local money but it also calls on the national fund if necessary, if the local load is too great.

Senator THOMAS. One other point I would like the record to show, that during the training and even at present, we have a great many colored boys being trained for service. There is no colored population immediately adjacent to these camps, and these colored boys have to have some place for entertainment and the cities as a rule provide a place for them to come to in the way of a library facility, and a canteen, perhaps, and some other activities. It is a place where the colored boys can meet the colored people in that area for social purposes.

If there were not enough for that, these colored people would have no place to go except to a place where they probably should not be.

CONTRACT WITH USO

Senator McKELLAR. This contract is rather specific. It says on page 3:

It is understood and agreed that as they—
that is the buildings—

are made available to the Agency by the Federal Works Administrator the Agency will turn over to the United Service Organizations without charge, and the United Service Organizations will take, subject to the terms and conditions hereinafter set forth, all those buildings listed on exhibit A referred to above.

III. Upon completion of the construction or acquisition, and where necessary, the remodeling and the grading of the grounds, and the equipping and furnishing of each of the community service buildings listed on exhibit A, the Agency will promptly notify United Service Organizations in writing, addressed to its president at its principal place of business, and upon the receipt of such notification with respect to such building or buildings, United Service Organizations will as soon as possible thereafter assume the possession and the responsibility for the operation of such building.

FEDERAL BUILDINGS

These buildings are the buildings of the United States?

Mr. SNYDER. That is right, sir.

Senator McKELLAR. Did your authorization sell them? Who sold them? You say 75 percent of them will be sold.

Mr. SNYDER. Let me explain that: The buildings were built by the construction agency of the Government, and in the very early years of the war, some of them were built by the Army Engineers, because it was necessary to move very fast in those days.

The title is held by the construction agency, the Federal Works Agency.

That Agency then turned the buildings over, as to their custody and as to the assurance that they would be used for program purposes to the Federal Security Administrator. He then undertook, and the device which he used was the organization of the USO, to find an operator for these buildings.

In a few communities USO was not the operator, because we found that the local community itself wished to assume the operation and the program within that building without bringing in outside help.

I was in a building, for example, in Sylacauga, Ala., where the community was very proud that they had taken a Federal building, and through raising money, partly tax money and partly contributions, that they could maintain that building as a community contribution to the war effort. When that building was no longer needed for the war effort the city purchased the building as a peacetime recreation center for all its people.

Senator KNOWLAND. Were they sold under war assets?

Mr. SNYDER. These buildings do not come under the War Assets Administration.

Senator KNOWLAND. Who holds the title?

Mr. SNYDER. The Federal Works Agency holds the title. It is a provision of law I have not gone into except to understand that the matter is not subject to war assets.

TEXT OF CONTRACT

Senator McKELLAR. I believe we better let this contract go into the record.

Senator KNOWLAND. It will be included in the record.

(The contract is as follows:)

THIS AGREEMENT made and entered into this 31st day of December 1941 by and between the Federal Security Agency (hereinafter referred to as the Agency), acting for and on behalf of the United States of America, and United Service Organizations for National Defense, Inc., a nonprofit corporation, duly organized and existing under the Membership Corporations Law of the State of New York, whose principal place of business is Empire State Building, New York City (hereinafter referred to as United Service Organizations).

WITNESSETH:

WHEREAS United Service Organizations, consisting of its member organizations: Young Men's Christian Associations, Young Women's Christian Association, The Salvation Army, National Catholic Community Service, Jewish Welfare Board, and National Travelers Aid Association, has raised funds throughout the nation for the correlation of the respective activities of its member organizations for the purpose of fostering and furthering the religious, spiritual, welfare, educational, and recreational needs of the men and women in the armed forces and defense industries of the United States; and

WHEREAS United Service Organizations is of the opinion that its purpose may in part be effectuated by the expenditure of a portion of the funds so entrusted to it on the operation and maintenance of centers at the various defense areas of the United States; and

WHEREAS certain community service buildings have heretofore been constructed, leased, or otherwise acquired by the United States, or are presently in process of construction, and it is contemplated that certain other such buildings will hereafter be constructed, leased, or otherwise acquired by the United States; and

WHEREAS the Agency was designated, by letter from the Federal Works Administrator dated December 10, 1941, as the agent to arrange for the operation

and management of Federally owned or leased recreational facilities provided under the Act of October 14, 1940, Public, No. 849, 76th Congress, as amended: and

WHEREAS the Agency, pursuant to the authorization contained in the aforementioned letter of December 10, 1941, is desirous that those community-service buildings, hereinafter mentioned in Exhibit A attached hereto and made a part hereof, shall be operated by United Service Organizations pursuant to the program of United Service Organizations, and United Service Organizations is desirous of being assigned by the Agency the responsibility for the operation in furtherance of its program of those community-service buildings hereinafter mentioned in Exhibit A;

NOW, THEREFORE, in consideration of the foregoing, and in consideration of the premises and of the covenants and agreements hereinafter set forth,

IT IS AGREED by and between the parties hereto as follows:

I. The provisions and terms of this agreement pertain solely and specifically to those buildings mentioned in Exhibit A. Exhibit A is subject to modification either by deletion or addition upon the consent of the parties hereto.

II. It is understood and agreed that as they are made available to the Agency by the Federal Works Administrator the Agency will turn over to the United Service Organizations without charge, and United Service Organizations will take, subject to the terms and conditions hereinafter set forth, all those buildings listed on Exhibit A referred to above.

III. Upon the completion of the construction or acquisition (and where necessary, the remodeling), and the grading of the grounds, and the equipping and furnishing of each of the community-service buildings listed on Exhibit A, the Agency will promptly notify United Service Organizations in writing, addressed to its President at its principal place of business, and upon the receipt of such notification with respect to any such building or buildings, United Service Organizations will as soon as possible thereafter assume the possession and the responsibility for the operation of such building.

IV. The possession and the responsibility for the operation of all community-service buildings now or hereafter covered by the terms of this agreement shall, except as hereinafter provided, continue in United Service Organizations until December 31, 1943, and thereafter from year to year, unless written notice to the contrary is given by either party to this agreement to the other party at least ninety days prior to December 31, 1943, or ninety days prior to the expiration of any calendar year thereafter. In any event, however, such possession and such responsibility for operation shall terminate not later than ninety days after the President shall have declared that the emergency declared by him on September 8, 1939, has ceased to exist.

In the case of any such building leased to the United States, the provisions of this paragraph shall be in all respects subject to the terms of such lease, which terms shall be made known to United Service Organizations before United Service Organizations shall be required to assume the possession and the responsibility for the operation of such building. United Service Organizations will not perform any act which would constitute a violation by the United States of any covenant contained in any such lease.

V. United Service Organizations agrees to take possession of each community service building now or hereafter covered by the terms of this agreement, and to operate all such buildings in a manner which conforms to the purposes of the Act of October 14, 1940, as amended, and to the program policy of United Service Organizations, as set forth in Exhibit "B" annexed hereto, and made a part hereof, and in a manner which to the Agency satisfactorily carries out said purposes and program. The Agency, in reviewing the manner in which a building or buildings are operated, shall have in mind the trust imposed upon United Service Organizations by the people of the United States, and its judgment shall be based solely upon whether the operation of the building or buildings concerned is carrying out satisfactorily the purposes of the Act of October 14, 1940, as amended, and the program of United Service Organizations as set forth in Exhibit "B", and such judgment shall not be based upon the availability of any other agency or organization, public or private, to operate such building. The operation of the buildings shall be at United Service Organizations' expense

and for its own account, and not as agent of the United States of America, or of the Agency.

VI. United Service Organizations may delegate to one or more of its member organizations the operation of any community service building, whether such building is used only by a member organization, or is used jointly by it and other member organizations; but United Service Organizations shall remain in all respects responsible for such operation. The exterior of each community service building shall carry the designation "U. S. O. Club" or "U. S. O." only, unless additional designations shall be approved in any case by the Agency, but there may be indicated within the building, the names of the member organizations of the United Service Organizations, and the name or names of the member organization or organizations to which the operation of the building has been delegated.

VII. United Service Organizations will maintain the interior of each such community service building (together with the equipment and furnishings thereof supplied by the United States) in as good condition as when it assumed possession thereof, ordinary wear and tear excepted. United Service Organizations will not assume any responsibility for, or any liability arising out of any structural defect in the building or its furnishings or equipment. It is understood and agreed that United Service Organizations will, at its own expense, make all necessary repairs to the interior of the building or its furnishings or equipment, except those resulting from structural defects, because of the occupation and operation of the building in the furtherance of its program.

In the event that while in the possession of United Service Organizations, any such building is destroyed, or so damaged as to render it (for a period of one week or more) substantially unusable for the purposes of this agreement, United Service Organizations shall not be required to reconstruct or repair such building. The operation of this agreement with respect to such building shall be suspended pending its repair or reconstruction by the United States of America, and shall be terminated if it is decided not to repair or reconstruct such building. In any case in which the United States of America is, now or hereafter, a lessee of any building covered by the terms of this agreement, United Service Organizations will assume any obligation undertaken by the United States of America to insure, or to pay the cost of insurance of such building.

VIII. It is understood and agreed that whenever certain portions of the program policy set forth in Exhibit "B" which are not distinctive contributions of any member organization of United Service Organizations are otherwise available, the program may be modified to avoid duplication. United Service Organizations will cooperate whenever practicable in providing other services than those stated where needs develop in a community and cannot otherwise be supplied.

IX. All community service buildings shall be open for service to all men in the uniforms of the armed forces of the United States.

X. All community service buildings shall be made available for meetings of and programs presented by any orderly or proper group or agency, public or private, in the community, whenever this can be done consistently with, and without interfering with, the regular program in the building.

XI. Whenever any complaint with regard to the manner of operation of any community service building covered by this agreement shall be brought to the attention of the Agency by any responsible and proper person or group, it will promptly notify United Service Organizations by letter addressed to its president at its principal place of business stating the subject matter of the complaint. If United Service Organizations find that there is merit in such complaint, it will promptly effect appropriate correction of the operation. In any case in which the Agency has notified United Service Organizations of a complaint, United Service Organizations will report to the Agency its findings and a statement of any steps taken as a result thereof.

XII. In any case in which it appears to the Agency that United Service Organizations has failed to proceed with reasonable diligence to make any necessary corrections as a result of a complaint transmitted to it pursuant to Paragraph XI, and that such complaint involves or may involve a violation of any of the provisions of Paragraph V, VII, or IX of this agreement, it will, after written notice to United Service Organizations addressed to its president at its principal place of business, and after written notice to the Secretary of War and to the Secretary of the Navy, call a hearing upon such complaint to determine the substance thereof. If after such hearing it finds that there has been a violation of any

of the provisions of Paragraph V, VII, or IX of this agreement, it may terminate the right of United Service Organizations to the possession of the building or buildings affected by such complaint.

IN WITNESS WHEREOF the parties to this agreement have hereunto set their hands and seals the day and year first above written.

[SEAL]

UNITED STATES OF AMERICA,
By PAUL J. McNUTT,

As the Administrator of the Federal Security Agency.

UNITED SERVICE ORGANIZATIONS FOR NATIONAL DEFENSE, INC.,
By HARPER SIBLEY, *President.*

RANDALL J. DE BOEUF, Jr.,
Secretary.

CONTINUED OBSERVANCE OF CONTRACT

MR. SNYDER. There is a letter from the president of the USO, to the Administrator, which might be a point for the continuing of the observance of the contract for the remainder of their usefulness.

Senator McKELLAR. If it was not to be terminated, at that time, it was to be continued. Has it ever been continued?

MR. SNYDER. The USO has been continued from year to year. Its operations end the 31st of December this year. Of course, there is the disposition of whatever the remaining assets are and the disposition of whatever remaining buildings there may be.

Obviously, it would be very unwise for the Government to sell the buildings if by that time it is apparent, and we would have to be guided by the action of the Congress and the desires of the War and Navy Departments, to use those buildings for any other general purpose. Otherwise, to have sold them off would merely mean the necessity to replace them again with similar types of buildings and at further Government expense.

There is great demand for these buildings. One building, or two, I think, have been sold as war houses.

INFORMATION ON SALE OF FEDERAL BUILDINGS

Senator McKELLAR. What becomes of the money when you sell them? Who gets the money?

MR. SNYDER. The money is, of course, covered into the Treasury as is all money received from the sale of an asset. That is something for which the Federal Works Agency would be responsible.

Senator McKELLAR. I would like to have in the record something to show how many of these buildings were sold, at what prices, and to whom they were sold.

MR. SNYDER. We could make a request of the Federal Works Agency for that information, but that is information within their control and not within ours.

Senator KNOWLAND. It will be included in the record at this point. (The information requested appears on p. 932.)

STATEMENT OF DEAN SNYDER

Senator KNOWLAND. Are there any further questions? Thank you, Mr. Snyder. We will include your prepared statement in the record at this point.

(Statement of Mr. Snyder is as follows:)

MR. DEAN SNYDER'S STATEMENT BEFORE SENATE APPROPRIATIONS COMMITTEE RE
SPECIALIST IN RECREATION

Mr. Chairman, in his message to the Congress, accompanying Reorganization Plan No. 2 of 1946, the President made the following statement:

"Broadly stated, the basic purpose of the Federal Security Agency is the conservation and development of the human resources of the Nation. Within that broad objective come the following principal functions: Child care and development, education, health, social insurance, welfare (in the sense of care of the needy and the defective), and recreation (apart from the operation of parks in the public domain)."

During the war years, the responsibility of the Agency for recreation has been discharged through the Recreation Division of the Office of Community War Services and this Office will be liquidated at the end of this current fiscal year. The cooperative work of the Agency, however, with the United Service Organizations will continue, inasmuch as under a contract between the Federal Security Agency and the USO the Agency has agreed to act as liaison between the USO and the Federal Works Agency, the Army, and the Navy. The USO continues in operation through the current calendar year and insists that the Federal Security Agency represent it in dealing with the Government and also that it stand sponsor for USO's budget with the American people through review and approval of its quarterly expenditures and through participation with USO in decisions as to what facilities shall be inactivated and when. For the Agency to discharge its contractual obligations to the USO, a position of Specialist in Recreation will be necessary during the next fiscal year. The work is of a highly technical nature and involves experience and familiarity with the recreation programs of the USO, the Army, and the Navy. Recommendations for disposition of the Federal recreation buildings built with Lanham Act funds is also a continuing Agency responsibility.

In addition to the contractual obligations of the Agency requiring the services of a specialist in recreation, the Agency has a continuing interest in recreation as a growing concern of the American people. In the past decade the provision of recreation services and facilities has become increasingly recognized as a function of Government. The Federal Security Agency has encouraged this trend which has resulted in 7 States having already created recreation authorities and appropriations through legislative action; there are 25 other States in various stages of promotion and development looking toward similar action. Approximately 400 of the war towns in which we worked during the war have established year-round tax-supported systems. All over the country others are following suit. All of these States and communities will continue to look to the Federal Security Agency for advice, leadership, and suggestions. An indication of this is contained in the fact that we continue to receive approximately 500 requests per month for published materials and other technical help on community recreation programs and organization. In addition, numerous requests are constantly being received for specialized technical advice and assistance which would require the personal services of a recreation specialist. The modest appropriation requested will enable us to provide only a minimum of service to the recreation movement but will insure our being able to meet our contractual obligations entered into in good faith by all concerned.

OFFICE OF GENERAL COUNSEL

STATEMENT OF JACK B. TATE, GENERAL COUNSEL, FEDERAL
SECURITY AGENCY

STANDARD CLASSIFICATION SCHEDULE

Senator KNOWLAND. The next item is "Office of the General Counsel."

The classification schedule will be included in the record at this point.

(The classification schedule referred to is as follows:)

Salaries, Office of the General Counsel

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 estimate compared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
01 Personal services:					
Departmental.....	\$610,107	\$683,065	\$510,968	+\$72,958	-\$172,097
Field.....	153,168	154,085	126,132	+917	-27,953
Grand total obligations.....	763,275	837,150	637,100	+73,875	-200,050
Reimbursement for services performed.....		-291,000	-291,000	-291,000	
Received by transfer from—					
"Salaries and expenses, Food and Drug Administration, Federal Security Agency" certification services.....	-20,500	-20,500	-20,500		
"Salaries and expenses, Children's Bureau functions, Federal Se- curity Agency".....	-3,225			+3,225	
"Hospital and Construction Ac- tivities, Public Health Service".....	-34,175			+34,175	
"Salaries and expenses, maternal and child welfare, Social Se- curity Act, Children's Bureau.....	-4,110			+4,110	
Excess of obligations over appro- priations due to Public Law 390.....	-85,500			+85,500	
Total appropriation or estimate.....	615,765	525,650	325,600	-90,115	-200,050

AMOUNT OF INCREASE REQUESTED

Mr. TATE. The request before the committee is for an appropriation of \$525,650; an increase of \$200,050 above the amount allowed by the House.

The action of the House would eliminate 42 positions and would reduce the appropriation for 1948 by \$143,937 below the present base.

PRESENT PERSONNEL

Senator KNOWLAND. How many have you in the Office of the General Counsel now?

Mr. TATE. There are 194 positions.

Senator McKELLAR. What is the greatest number you have had? Is the most you have had 194?

Mr. TATE. No, 203, I believe, is the most.

Senator McKELLAR. When did you have 203?

Mr. TATE. That was 6 years ago, I believe, Senator.

PERSONNEL IN 1940

Senator KNOWLAND. What did you have for 1940?

Mr. TATE. In 1940 we had 199 positions, and that was just for the social-security work. The funds available in 1940 and 1939 appropriations were just for the program of social security. In other words, as a result of the action of the House, the office would have to operate in 1948 with but 164 positions, as against 194 for this year.

NUMBER OF LAWYERS

Senator BALL. How many of those are lawyers?

Mr. TATE. The number is 118.

OLD-AGE AND SURVIVORS' INSURANCE WORK IN BALTIMORE

Of the reduced sum made available by the House for 1948, \$291,000 is earmarked for old-age and survivors insurance work in Baltimore, and that is done by transfer for the first time, from the trust fund, instead of an appropriation, being reimbursed from the trust fund.

REDUCTION IN OTHER LEGAL SERVICES

Therefore, the reduction for other legal services amounts to about 30 percent below this year.

This curtailment in service will apply to the programs of old-age assistance, aid to dependent children, aid to the blind, unemployment compensation, the Children's Bureau, hospital construction, public health, education, food and drugs, vocational rehabilitation and others in the Federal Security Agency.

BASIS OF HOUSE REDUCTION

The House based its reduction on two assumptions.

First, it assumed that "reductions made in the estimates for various constituent units of the Agency afford a basis for some reduction in necessary legal services," and second, it assumed "that with provident allocation among the several activities requiring legal assistance the amount granted should prove adequate."

PART OF REDUCTION DUE TO REDUCTIONS IN CONSTITUENT UNITS

I would like to speak a moment to the first assumption that the reductions made in the various constituent units of the agency afford a basis for reduction of necessary legal services.

Reductions made in appropriations for administrative expenses of the various constituent units of the Agency which would have to be furnished legal services out of the nonearmarked funds, amount to only 1.8 percent of 1947 appropriations. The appropriations for the programs; that is, grants to States, and so forth, which these units will administer, are increased rather than reduced.

QUESTION AS TO ABSORBING HOUSE CUTS

Now the second assumption that the House made, that the allocation of these funds would allow for a distribution across the board which would enable the office to absorb this reduction; the House in doing that seems to have overlooked the fact that almost half the appropriation, \$291,000, is earmarked by the terms of the bill for services in connection with but one program of the Agency; that is the insurance program in Baltimore.

Provident allocation will not enable the office, with only 70 percent of its 1947 funds, to furnish necessary legal services for the remaining programs.

NO INCREASE IN PERSONNEL SINCE 1939

I would like to point out that there has been no expansion in the staff of the office since the Agency was established in 1939. For the fiscal year 1940, appropriation was made for 199 positions to enable the office to furnish legal services for Social Security alone. Since then all the programs of the Agency, as well as the social-security programs, have required legal services from the office and these programs have greatly increased and expanded.

In other words, with fewer people than we had in 1939, to serve only the social-security program, we now service those programs plus the other major programs in the agency: the children's work, the public health, the hospital construction, food and drug, education and rehabilitation, and so on.

LEGAL WORK ON UNEMPLOYMENT COMPENSATION

Senator KNOWLAND. With the unemployment compensation, the nature of the legal work you have is largely an operation through the several States.

Mr. TATE. That is right, and we have a small staff of 12 positions that were provided this year for that work.

Now those men review the State laws as they come in—the amendments to the laws as they come in; the basic regulations—they advise the Bureau of Employment Security as to the conformity of the laws with the Social Security Act, or they do a certain amount of work in acting as a clearing house on the appeal cases and benefit decisions and prepare information as to action taken in one State for another State that asked about problems of that kind.

INCREASE IN WORK LOAD

I might point out that the work load of the office has grown heavier year by year. Just this last year we have had 4,000 more items of mail to handle than in the year before. The work for the Children's Bureau and work due to the 1946 amendments to the Social Security Act have been added to the social-security load. There has been a substantial increase in food and drug work. The Hospital Construction Act of 1946 has contributed to make our work for the Public Health Service about double what it was last year.

REDUCTION IN PERSONNEL BY HOUSE

In spite of increased responsibility the House provides for 42 positions less than estimated, 30 positions less than allowed in 1947, and 35 positions less than in 1940.

Senator KNOWLAND. Are there any questions?

FULL RESTORATION REQUESTED

Senator YOUNG. You are asking for the full restoration of the House cut?

Mr. TATE. Yes.

Senator YOUNG. Could you not find it possible to make any saving whatsoever since 4 months ago?

Mr. TATE. Senator, it would be very difficult to figure out how there could be a saving in the Office of the General Counsel that would enable it to carry on the work and furnish legal services to all the constituent units of the Agency, with the same number of people it had several years ago to do just the work of one unit of the Agency.

Those programs have expanded over the past 7 years, the public health programs have doubled or tripled, the food and drug work is half again as heavy as it was 7 years ago. The old-age and survivors' insurance work load has almost doubled in the past several years. What we have done is cut off functions as we have gone along.

Senator YOUNG. We seem to receive the same answer from all those appearing before us. It seems that you would be in a much stronger position if these departments would come here and tell us where we could make some saving.

We have that same testimony given by everyone appearing here. They must all have exactly the same amount—no more, no less.

Mr. TATE. Senator, I would like to speak to that: This budget was prepared in my office very conscientiously. It was reviewed by the budget committee of the Agency.

Senator YOUNG. Is there no change in 3 or 4 months since the Budget Bureau reviewed it? Do you mean to say it is no more and no less, but exactly the same amount?

Mr. TATE. I can ask for more very well.

I would like to say that there is no question in my mind as to the absolute essentiality, if the office is to function at all as it has in the past—with proper efficiency—to get the amount needed last year.

BUDGET INCREASE

The budget estimate was \$56,000 more than we had in the current year. That \$56,000 is based on a prediction as to the work load that will occur as a result of the 1946 amendments to the Social Security Act.

Now we have work loads shown and established and increasing in every aspect of the work that we have been doing, and there is every indication that will continue next year.

As to this prediction on \$56,000 increase, I think it is a sound prediction.

OFFICE CREATED IN 1939

Senator McKELLAR. You say you had the service instituted in 1939?

Mr. TATE. Yes, sir.

Senator McKELLAR. You had none at all before that?

Mr. TATE. The Agency was established, as you know, in 1940.

Senator THOMAS. What was the personnel in 1939 that you refer to?

Mr. TATE. It was 199.

Senator THOMAS. What is the personnel of the Agency that you advised?

Mr. TATE. That is with the Social Security Board. I do not know what it was in that year.

INCREASE IN WORK

Senator THOMAS. It does not mean much to say it has tripled or quadrupled if you have no basis.

Mr. TATE. I do not know what it is as compared with the old Social Security Board, but I do think I mentioned as one on which it had doubled, the Public Health personnel, and I think the Food and Drug personnel is about half again as much as it was 10 years ago. There has been some increase in the Office of Education personnel. The entire personnel of the Children's Bureau has been added to the Agency, and that work we do.

Senator McKELLAR. I think you could get along with the reduction.

Mr. TATE. I think it would be rather difficult to run a legal agency, but you could do it with one man if you want to. It is a question of whether it is worth while and economical to do so.

I could point out that in our Food and Drug work, for example, the fines collected by the Government last year, partly as a result of the work that we do, amounted to more than the entire appropriation here for that entire office.

Senator McKELLAR. I do not consider that a criterion.

Mr. TATE. Last year, we were able to save the Government, because of the contracts we made under the Nurses Training Act for uniforms, more than the entire amount of the appropriation for the whole general counsel's office.

NEW PROGRAM

There was no appropriation made for us to service the Bolton Act. This year we will have additional programs, such as the one on streptomycin, the Mental Hygiene Act, the work on the Federal Tort Claims Act, the work on the Administrative Procedures Act. We are not asking for increases on the basis of that work; we are absorbing it.

LEGAL WORK ON OLD-AGE AND SURVIVORS INSURANCE

Senator BALL. I cannot see where there is much legal work involved in the old-age and survivors insurance.

Mr. TATE. That has had an interesting development: When the program was first set up—I am guessing, but I think the guess is reasonable and nearly accurate—we probably went over 1 out of 10 of the claims that came in.

We did a great deal of routine work. Over a period of years with reduction of appropriations—the spreading of the appropriation over the whole agency—we have sloughed off the routine work. I do not think we see 1 claim in 1,000, today. We only get the hard ones.

In 1940, or earlier, one man would do a dozen claims a day or more.

Today, one of those claims is of a nature that may require 2 or 3 weeks' work by one man.

Senator BALL. How long?

Mr. TATE. You may get claims that will require 2 or 3 weeks' work by one man. There are difficult conflicts of law that come up.

Senator McKELLAR. You work 5 days a week for a limited number of hours?

Mr. TATE. Yes, sir.

NATURE OF LEGAL WORK

Senator BALL. How many claims a month do you get? Your legal work now is almost entirely on the claims?

Mr. TATE. Our work is almost entirely precedent decisions work, as they call it. When the adjudicators get a case that is not covered by a previous precedent, they will send it to the general counsel's office for an opinion. First they send it from the field into Washington, where it is sifted by the Claims Policy Divisions in the Bureau. If they feel they cannot answer it—it is most difficult and has not been answered before—they then send it on to the general counsel's office for a new precedent to be established.

NUMBER OF CLAIMS

Senator McKELLAR. How many of these claims did you have last year?

Senator BALL. I would like to know the total number of claims per month and the number that the legal staff had to review.

Mr. TATE. I think I can give you an over-all figure on that. We had about 1,400 opinions and letters handled in that division, as against 1,300 the previous year.

Senator KNOWLAND. That is just a little over 100 a month.

NUMBER OF LAWYERS

Mr. TATE. You asked how many lawyers, Senator McKellar?

Senator McKELLAR. Yes.

Mr. TATE. There are 22 in that division.

Senator McKELLAR. I thought you had 94.

Mr. TATE. That is the Baltimore division of the office.

Senator McKELLAR. How many have you altogether?

Mr. TATE. There are 194 positions altogether and 118 lawyers.

Senator McKELLAR. How many cases of all kinds came before this 118 lawyers?

Mr. TATE. The only over-all figure I have on that is that we had 94,000 items to handle. That is memoranda, letters, and so forth, as against 90,000 the previous year.

Senator BALL. Did the House not earmark \$290,000 for OASI and increase the number of lawyers you would have there?

Mr. TATE. The House gave the same number of lawyers as we had before, and thereby threw the burden of the cut on the other work.

SALARY RANGE OF LAWYERS

Senator THOMAS. What is the range of salaries of these attorneys?

Mr. TATE. They run a little over \$5,000.

Senator THOMAS. What is the average?

Mr. TATE. That is the average.

Senator THOMAS. What is the range?

Mr. TATE. The entrance salary is about \$2,600 now, to possibly \$10,000.

LETTERS SUBMITTED FOR RECORD

Senator KNOWLAND. I would like to put in the record at this time a communication from Congressman Philip J. Philbin of Massachusetts, inclosing a letter from Rev. Thomas E. Shortell, S. J., director of the Institute of Industrial Relations, College of the Holy Cross, Worcester, Mass.

(The letter referred to is as follows:)

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., April 10, 1947.

Hon. STYLES BRIDGES,
Chairman, Committee on Appropriations,
Senate Office Building, Washington 25, D. C.

DEAR COLLEAGUE: I would appreciate it if you would have the enclosure from the Reverend Thomas E. Shortell inserted in the record of hearings on the Labor Department-Federal Security Agency appropriation bill.

With thanks and usual good wishes, I am
Sincerely yours,

PHILIP J. PHILBIN.

THE INSTITUTE OF INDUSTRIAL RELATIONS,
COLLEGE OF THE HOLY CROSS,
Worcester 3, Mass., April 7, 1947.

Representative PHILIP PHILBIN,
House Office Building, Washington, D. C.

DEAR MR. PHILBIN: As director of the Institute of Industrial Relations, I regret and look with a great deal of alarm at the heavy cut which is proposed both for the Bureau of Labor Standards appropriation and for the National Labor Relations Board.

As an institute and in our college work, we have been greatly benefited by data on collective-bargaining agreements and other statistics which they have sent us. I cannot see how an administration which is ostensibly so bent upon the attainment of labor peace, can expect to accomplish much if the NLRB has not the wherewithal to cover unfair labor practices or to arrive on the scene with reasonable promptness when a representation election is imperative. It does not take much stretch of the imagination to know that when the NLRB is unable to function, continual and serious labor disturbances and strikes will occur.

I submit to you my opinion, and request, if you see fit, that you will present it to those Senators and Representatives on the Appropriations Committee so that they may know of it. It seems to me that in those forward-looking constructive affairs which aim at better labor-management relations, appropriation cuts should not occur. Wasn't it in the Truman labor-management conference of 1945 that labor and management voted unanimously, after the Government had spent considerable money in arranging such a conference, to raise the pay of conciliators and to increase the number of conciliators because they were of one mind in agreeing that the Conciliation Service would be an instrument of labor peace? How does it happen that only 2 years later, in spite of their fair words of yesterday, that this thing is happening?

I submit these items to you as my ideas. I send you my kind personal regards and very best wishes.

Sincerely yours

Rev. THOMAS E. SHORTELL, S. J., Director.

DIVISION OF PERSONNEL MANAGEMENT

STANDARD CLASSIFICATION SCHEDULE

Senator KNOWLAND. The next item will be the Division of Personnel Management. The classification schedule on this item will be included in the record at this point.

(The classification schedule referred to is as follows:)

Salaries, Division of Personnel Management

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 estimate compared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
01 Personal services: Departmental...	\$147, 240	\$170, 000	\$132, 500	+\$22, 760	-\$37, 500
Grand total obligations.....	147, 240	170, 000	132, 500	+22, 760	-37, 500
Received by transfer from "Salaries, Children's Bureau functions, Fed- eral Security Agency".....	-3, 640	-----	-----	+3, 640	-----
Excess of obligations over appropria- tions due to Public Law 390.....	-17, 600	-----	-----	+17, 600	-----
Total appropriation or estimate..	126, 000	170, 000	132, 500	+44, 000	-37, 500

Mr. MILLER. Mr. Chairman and members of the committee, I would like to discuss very briefly three items: "Salaries, Division of Personnel Management." That is page 41 of this justification you have before you; and "Division of Service Operations," page 42; and "Miscellaneous expenses," page 45.

I shall first discuss the Division of Personnel Management.

OBLIGATIONS IN DISCHARGE OF PERSONNEL MANAGEMENT AFFAIRS

There are certain obligations resting upon the Administrator in the discharge of personnel management affairs for which he needs a competent and adequate staff. He must discharge effectively his responsibility for insuring adherence to laws governing classification and compensation, veteran preference, examination and appointments, and other matters.

There are now on the books 98 basic statutes and Executive orders governing personnel administration, 52 of which have been made effective since 1940. The Agency also has a special obligation of developing examinations for certain technical occupations.

REDUCTION IN PERSONNEL BY HOUSE

This Division assists the Administrator in carrying out the above responsibilities. Since 1942 their work has constantly increased. At that time they had 49 positions, the amount approved by the House would permit only 29, and the full amount requested would permit only 39.

EFFECT OF HOUSE REDUCTION

If the full amount is not granted the Administrator would be forced (a) to abandon effective review and control of field classification.

Senator BALL. Does that Division do all the hiring and firing?

Mr. MILLER. No; this Division is at the agency level, if you will permit me to use that word.

Senator BALL. You also have personnel directors at the operating level?

Mr. MILLER. That is correct; these people formulate the Agency policy on matters pertaining to personnel management in general, and specifically to procedures.

Senator BALL. They do no hiring and firing?

Mr. MILLER. Except for the Office of the Administrator which has a complement of about 500 people.

EMPLOYEES ENGAGED IN PERSONNEL WORK

Senator BALL. Do you have any idea how many people are engaged in personnel work of that type all through the Agency?

Mr. STEPHENS. We can furnish a special report for you on that. The data have been prepared.

Senator KNOWLAND. We would like to have that. We will determine later whether we will put it in the record.

(The information requested was filed with the committee.)

Mr. MILLER. We get concerned with the self-analysis of this operation every once in a while ourselves, like a lot of other things, and I think to do our job well we have to look at what goes on around us and what we do ourselves.

CURRENT PROBLEMS IN PERSONNEL MANAGEMENT

If I may digress from this prepared statement just a minute to recite some of the things that I think are current problems in personnel management on which we must be very cautious about our procedures, the No. 1 item in my judgment is veteran reemployment.

Since VJ-day, 3,792 veterans have returned to jobs in the Federal Security Agency, and we have had virtually no complaints about their restoration.

Another item is new veteran employment. Since VJ-day, we have employed 8,950 veterans, new to our agency in compliance with the Veterans' Preference Act. Since July 1, 1946, the proportion of male veteran appointments to total new appointments has been 60 percent. Every one of those cases needs a particular kind of attention.

Reduction in force: The procedure today for reduction in force is really a complicated process.

Position classification: You know about that.

Attention to recommendations for superior accomplishment: Under the Ramspeck law, you will remember, we are permitted to give certain salary increases and many supervisors make recommendations about the superior accomplishments that need to be analyzed before the Administrator can approve.

Grievance procedures and anticipating policy needs: Our personnel shop has been constantly alert to things that come up involving management and personnel.

EFFECT OF HOUSE REDUCTION

Now if the full amount is not granted, the Administrator will be forced to curtail his emphasis on certain things which are as follows:

1. To abandon effective review and control of field classifications.
2. To reduce direction and control over the development and conducting of examinations for technical positions. That is a relatively new thing where the Civil Service Commission has drawn on us for

technicians, and it is to our advantage to assist in the reparation of those examinations, because they are, we believe, a bit more realistic than they would be if they were prepared by outsiders.

3. To curtail assistance to the Public Health Service in the improvement of examination and personnel techniques in the operation of the commissioned corps. That is a different thing from the civilian employment and they need new approaches to the selection of their technicians for the commissioned corps; doctors, nurses, dietitians, and the rest.

4. To reduce below a point of reasonable effectiveness other personnel management activities.

That is the whole business in a nut shell, gentlemen, for the personnel appropriations, unless you have some questions.

Senator KNOWLAND. You may proceed.

DIVISION OF SERVICE OPERATIONS

STANDARD CLASSIFICATION SCHEDULE

Salaries, division of service operations

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 estimate compared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
01 Personal services: Departmental..	\$327, 117	\$343, 500	\$294, 400	+\$16, 383	-\$49, 100
Grand total obligations.....	327, 117	343, 500	294, 400	+16, 383	-49, 100
Received by transfer from "Salaries, Children's Bureau functions, Fed- eral Security Agency".....	-8, 500			+8, 500	
Excess of obligations over appropria- tions due to Public Law 390.....	-39, 000			+39, 000	
Total appropriation or estimate..	279, 617	343, 500	294, 400	+63, 883	-49, 100

Mr. MILLER. The next item is "Salaries, Division of Service Operations."

This Division incorporates all the functions not falling within the Budget and Accounting or the Personnel Divisions, such matters as the preparation of pay roll, leave, and so forth.

REDUCTION IN PERSONNEL

This Division has shown continuous effort toward economy.

In the House hearings on page 719, we inserted a statement of continual reduction of the number of persons.

In 1941, this Division had a staff of 166 positions to supply agency-wide services for certain machine tabulating operations; mimeographing, and other similar reproduction processes, and for the normal housekeeping services to the Office of the Administrator.

Constant downward adjustments have been made in personnel.

By 1947, this group had been reduced to 127 positions but with added responsibilities on Agency-wide matters, such as, the analysis of purchase orders and contracts; the survey of files and records; utilization of space and communication, and increases in tabulating and duplicat-

ing. Because of the occupation of the Social Security Building by constituents of the Agency, additional services need the attention of this group. For example, mails, files, transportation, and inquiry.

However, the reductions made by the House will hinder the administration in these files.

Now, this operation has been curtailed from time to time. They have been cut down a little bit each year. We do not mind that, but we are just about to the point where the reductions have been a little steep. We would like to work along for as strong an economy as possible, but we still have a job to do.

MISCELLANEOUS EXPENSES, OFFICE OF THE ADMINISTRATOR

STANDARD CLASSIFICATION SCHEDULE

Mr. MILLER. The next appropriation item is miscellaneous expenses. (The classification schedule is as follows:)

Miscellaneous expenses

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 estimate compared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
03 Transportation of things.....	\$600	\$600	\$600		
04 Communication services.....	10,000	10,000	10,000		
05 Rents and utility services.....	28,600	28,600	25,600		-\$3,000
07 Other contractual services.....	3,500	3,500	3,500		
08 Supplies and materials.....	48,335	51,985	50,485	+\$3,650	-1,500
09 Equipment.....	10,800	10,800	10,300		-500
Grand total obligations.....	101,835	105,485	100,485	+3,650	-5,000
Received by transfer from—					
“Miscellaneous expenses, Social Security Board”.....	-15,000	-15,000	-15,000		
“General administrative expenses, Office of Vocational Rehabilita- tion, Federal Security Agency”.....	-1,500	-2,500	-2,500	-1,000	
“Salaries and expenses, Food and Drug Administration, Federal Security Agency”.....	-1,500	-1,500	-1,500		
“St. Elizabeths Hospital, Federal Security Agency”.....	-150	-150	-150		
“General expenses, Office of Edu- cation”.....	-4,185	-7,335	-7,335	-3,150	
“Salaries and miscellaneous ex- penses, Public Health Service”.....	-5,000	-5,000	-5,000		
“Control of tuberculosis, Public Health Service”.....	-3,000	-3,000	-3,000		
“Training for nurses, Public Health Service”.....	-500			+500	
Control of communicable diseases, Public Health Service.....	-1,000	-1,000	-1,000		
Total appropriation or estimate..	70,000	70,000	65,000	0	-5,000

INCREASED COSTS

Mr. MILLER. Estimates for 1948 are the same as funds available for 1947. However, there have been substantial increases in the cost of all items purchased from this appropriation.

As a matter of fact, the increase in cost of communications, office supplies, paper for the duplicating plant, and general office equipment, are such that if the full amount is allowed, we will be faced with a reduction in activity during 1948 as compared with 1947.

TRAVEL EXPENSES

It has been the process up to this time, I believe, for each of the constituents in the Federal Security Agency to justify its portion of the decrease in travel, printing, and binding. Those items, as you know, are on a central appropriation basis.

ALLOCATION TO OFFICE OF ADMINISTRATOR

The amount for the Office of the Administrator was \$41,000. The reduction was \$15,580, leaving \$25,420 as compared to \$36,645 available for this year.

We do not waste our travel funds, but that reduction, along with the others, ought to have some serious consideration.

STANDARD CLASSIFICATION SCHEDULE

The Federal Security Agency has been careful about travel, much more careful, I think, than some of the other places.

(The classification schedule, travel expenses, Federal Security Agency, is as follows:)

Travel expenses, Federal Security Agency

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or decrease (-) 1948 estimate compared with 1947	Increase (+) or decrease (-) bill compared with estimate
02 Travel.....	\$2, 770, 010	\$3, 227, 500	\$1,571, 700	+\$457, 490	-\$1, 655, 800
Grand total obligations.....	2, 770, 010	3, 227, 500	1, 571, 700	+457, 490	-1, 655, 800
Received by transfer from—					
“Traveling expenses, Children’s Bureau, Federal Security Agency.....	—136, 250	-----	-----	+136, 250	-----
“Salaries and expenses, Maternal and Child Welfare, Social Secu- rity Act, Children’s Bureau”.....	—38, 400	-----	-----	+38, 400	-----
“Salaries and expenses, Vital Sta- tistics, Office of Surgeon Gen- eral, Public Health Service”.....	—40, 260	-----	-----	+40, 260	-----
Total appropriation or estimate..	2, 555, 100	3, 227, 500	1, 571, 700	+672, 400	—1, 655, 800

¹ Excludes a total of \$528,300 which the committee has reduced from a total of \$693,300, in the Budget and transferred as follows: To National Cancer Institute, \$1,000 to meet fund limitation under the item “Salaries and expenses, Bureau of Old-Age and Survivors Insurance,” \$513,200.

FULL RESTORATION OF HOUSE CUTS REQUESTED

Senator KNOWLAND. You are recommending the restoration of the amount of the Budget figure?

Mr. MILLER. Yes, sir.

Senator KNOWLAND. As Senator Young pointed out, from the experience this committee has had, you might all just as well file a letter with the committee and say you will go back to the figures the Bureau of the Budget gave, and we will be about as far ahead as we are now.

I cannot believe that some place in this vast amount of money the Federal Government is spending, we cannot have some substantial suggestions from all the agencies, suggesting where we might more intelligently pick and choose.

PRINTING AND BINDING

STANDARD CLASSIFICATION SCHEDULE

(The classification schedule on printing and binding is as follows:)

Printing and binding, Federal Security Agency

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 estimate compared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
06 Printing and binding.....	\$1,133,208	\$1,676,000	¹ \$558,700	+\$542,792	-\$1,117,300
Grand total obligations.....	1,133,208	1,676,000	558,700	+542,792	-1,117,300
Received by transfer from—					
"Printing and binding, Children's Bureau, Federal Security Agency.....	-135,208			+135,208	
"Printing and binding, Vital Sta- tistics, Office of Surgeon Gen- eral, Public Health Service.....	-48,000			+48,000	
Total appropriation or estimate..	950,000	1,676,000	558,700	+726,000	-1,117,300

¹ Excludes a total of \$441,300 which the committee has reduced from a total of \$736,335 in the Budget and transferred as follows: To National Cancer Institute, \$12,000; to trust fund limitation under the item "Salaries and expenses, Bureau of Old-Age and Survivors Insurance," \$429,300.

AMOUNT FOR OFFICE OF ADMINISTRATOR

Mr. MILLER. Mr. Chairman and members of the committee, as to the next central appropriation, "Printing and binding," we estimated for the immediate office of the Administrator, \$17,200. Out of the total appropriation, the House reduced it \$6,966, leaving an allowance of \$10,234, comparable to \$12,200 for the current fiscal year. Printing costs have advanced.

Senator BALL. Do you have all this printing done in the Government Printing Office?

Mr. MILLER. Oh, yes. It costs about 150 percent of what we had in 1940.

STATEMENT OF TAYLOR H. McCAULEY, DEPUTY DIRECTOR OF SERVICE OPERATIONS, FEDERAL SECURITY AGENCY

COST OF PRINTING BY GOVERNMENT PRINTING OFFICE

Senator KNOWLAND. How do the costs at the Government Printing Office compare with commercial printing costs?

Mr. McCAULEY. They are 50 percent higher. We have a letter showing where the costs to the Government Printing Office have gone up 33.3 percent over 1942, and that is a progressive increase over the past increase, which amounts to a total increase of 40 percent.

Senator BALL. Did you say the Government Printing Office costs are 50 percent higher?

Mr. McCAULEY. That is right.

Mr. STEPHENS. If we buy outside, Senator, we have to get permission from them.

Senator KNOWLAND. Probably getting the permission would be a difficult step.

Mr. McCAULEY. Any time you question them about cost, they say they are not competing with private industry. What they are doing is doing your printing at cost and they have a much higher cost than the commercial printing cost because of their leave, their sick leave, and their Government wage.

Senator KNOWLAND. That is all right, but this is a remarkable factor because this printing item is a big item in all of these places and if our costs are up 50 percent or even 30 percent above what could be done in outside commercial firms, perhaps we need to change the statutes so they could go out and get a little competition into the Government Printing Office.

EFFORTS TO CUT MAILING LISTS

Mr. MILLER. We have worked hard and dilligently on the curtailment of material going through the mails. We have a Printing and Duplicating Committee, and we have cut our mailing lists sometimes as much as 60 percent, where we have just moved in and reduced mailing lists.

NEEDS FOR PRINTING FUNDS

We have tried to keep our estimates down. As some of the Bureau people explained, it is necessary that they have printing money. It is necessary that the Food and Drug Administration has adequate printing money, and also the Office of Education.

Take for instance the Office of Education. It has an expanded program for this year, \$120,000.

The reduction calls for cutting that down to \$71,000. It compares with \$56,000 for this year, but the costs have gone up, and if they are really going to circulate information and let the local school people and the State school people know what can be done to improve education, they can only do it through the printed word.

COST OF PRINTING BY GOVERNMENT PRINTING OFFICE

Senator BALL. In other words, you could take a 50-percent reduction over your estimate in printing and binding appropriation and so continue to do what you do now when you have to go through the Government Printing Office, if you could contract it privately?

Mr. McCAULEY. I would take responsibility for that statement.

Mr. STEPHENS. That would really amount to a one-third reduction.

Senator BALL. I wonder if we could do that in this bill.

Senator KNOWLAND. We will make a further investigation.

Mr. McCAULEY. Do not be confused when you get into discussions about this that they cannot show you specific items that you could not possibly duplicate. They could show you letterheads where they print them 1,000,000 at a time, or a memorandum, or some standard forms, but on an over-all day-to-day inspection, and I will take each requisition down the line, I can back up what I say.

Senator BALL. Most of your printing is pamphlets and things like that, is it not?

Mr. McCAULEY. A lot of it consists of everyday working tools. When you have 133,000,000 accounts as they have in Baltimore, and Congress requires a return, that is really not printing. Those returns

have to come in and be recorded. There is nothing to do but buy those forms and cards.

At one time, I bought cards outside at \$1.10 a thousand. I got the price down to 64 cents. Now they threatened to raise the price up to 85 cents to us. We were paying 65 cents last year. I think we will be able to get them back to the old price.

PLACING OF OUTSIDE CONTRACTS

Senator BALL. Is that outside firms?

Mr. McCauley. That is an outside firm, but it requires release and negotiation through the Government Printing Office.

Senator BALL. They take the bids; do they not?

Mr. McCauley. They handle the parent contract, but we get the delivery.

We have to have 1,000,000 cards delivered a day over there in Baltimore. We do not have storage facilities and those cards must come in. If you ever get behind, you could never get caught up.

Senator BALL. You say you could do it cheaper outside than you could with the Government Printing Office. They could not handle that.

Mr. McCauley. They make no tab cards at all and they make no continuous forms. When I was with Federal Housing, we were buying pamphlets measuring about 5 by 7 inches by the millions and I was paying \$7.80 a thousand for them. When I bought them from the Government Printing Office, I paid \$13 a thousand. I got them from all the printers. Here was a cost from \$7.80 up to \$13 a thousand.

PENALTY MAIL COSTS

STANDARD CLASSIFICATION SCHEDULE

Mr. MILLER. There is one more item, Mr. Chairman, penalty mail costs, and it is a little different from the rest of them. We get bills from the Post Office. It is a reduction against an estimate of \$692,000 of \$212,000, giving us an allowance of \$480,000, against an allowance this year of \$485,000.

Senator KNOWLAND. The classification schedule for this item will be included in the record at this point.

(The classification schedule is as follows:)

Penalty mail costs, Federal Security Agency

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 estimate compared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
04 Payment for penalty mail.....	\$473, 075	\$692, 000	\$480, 000	+\$218, 925	-\$212, 000
Grand total obligations.....	473, 075	692, 000	480, 000	+218, 925	-212, 000
Received by transfer from—"Penalty- mail costs, Children's Bureau, Federal Security Agency".....	-8, 075	-----	-----	+8, 075	-----
"Penalty-mail costs, Vital Statis- tics, Office of Surgeon General, Public Health Service".....	-65, 000	-----	-----	+65, 000	-----
Total appropriation or estimate ..	400, 000	692, 000	480, 000	+292, 000	-212, 000

MAILINGS BY OFFICE OF VITAL STATISTICS

Mr. MILLER. You are aware that during the year, we had transferred in, the Office of Vital Statistics, which in itself requires about 6,000,000 additional mailings, and that cut might be a little severe, because of the added work load.

Mr. STEPHENS. May I just add that I had a statement on that, which you may put in the record if you like, which shows how our estimate was based.

We have in the statement our experience over 10 quarters, and the average for the 10 and the last 2 quarters and the items that went into our estimate for 1948 were the additional ones.

OTHER NEW PROGRAMS AND INCREASED PRICE OF MAILINGS

The addition of Vital Statistics, the new programs in Public Health, and the amendments to the Social Security Act, and last, but not least and the one we cannot overcome, is the 24-percent increase in price of mailings.

Up to today, right now, the price is \$15 a thousand pieces. Beginning July 1 they are \$18.60 per thousand pieces under 4 pounds. Computing that, on the second page of my statement, I have shown how we arrive at the \$692,000.

POSSIBLE REDUCTION IN AMOUNTS FOR NEW PROGRAMS

In that, there may be one item that you would question, and I think I would question, and that is the \$80,000 that we put in there, or rather we arrived at, because of the increases in the social security amendments and the increase, for instance, in hospital construction, which involves a lot of correspondence. That is purely a guess on my part and I have been keeping the penalty mail accounts of the agency, but the 6,000,000 mailings in Vital Statistics means \$111,600 more than this year. The 24-percent increase amounts to \$94,400. Now the \$86,000 is, as I said, purely an estimate of what the new programs and amendments will amount to. I would not be willing to gamble on that being high or low. I would not be ironclad. I would not say my guess would be too good. It is precisely a calculation on the \$111,600, and the other item of a 24-percent increase.

Taking those two items of a little over \$200,000, we are pretty close to the estimate.

HANDLING OF FUNDS FOR PENALTY MAIL

Senator BALL. On that penalty mail, do you pay that to the Post Office?

Mr. STEPHENS. Yes, sir; we pay quarterly.

Senator BALL. Is it paid to them or does it go to the Treasury?

Mr. STEPHENS. It is paid to them. You appropriate money to the Post Office Department to do its job and the departments pay the Post Office for service rendered, but it goes back into the general funds and you appropriate it.

Senator BALL. Is this penalty mail for all your franked mail?

Mr. STEPHENS. If you mail a letter privately, it is 3 cents. If it is under 4 pounds, under this arrangement, it is 1.5 cents per piece at the present time. Items over 4 pounds go in our transportation of things like freight on a typewriter.

Senator BALL. Do you pay the regular rate? Do you have to pay the Post Office Department 3 cents on every first-class letter?

RATE PAID ON PENALTY MAIL

Mr. STEPHENS. No, sir; we pay $1\frac{1}{2}$ cents or \$15 a thousand. There is no postage attached. There is a count and all our constituents make an accurate count. The Post Office makes a periodical spot check. Every check so far they have made has been right on the nose.

Senator BALL. Is that supposed to be roughly their cost?

Mr. STEPHENS. I think it was based on that, when the \$15 a thousand rate was set, and the increase in wages about 14 or 15 percent. In fact, we have had two pay raises which, of course, affect the Government workers. I do not know the raise to the Post Office, but this \$18.60 per thousand was based on the raises in the Post Office Department.

Senator BALL. That is their average cost for carrying mail and their average cost in the Post Office.

Mr. STEPHENS. I think in the beginning, they estimated the costs of covering franked mail, and I believe that \$15 per thousand was based on the estimate by the Post Office as cost. The new rate which takes place July 1, as \$18.60 per thousand, that 24 percent alone, you could see on our base appropriation this year of \$400,000, that would be approximately \$500,000 without the transfers like BEC, Children's Bureau, and Vital Statistics.

Senator KNOWLAND. Thank you very much, gentlemen.

FEDERAL SECURITY AGENCY

POSITIONS IN DIVISIONS RESPONSIBLE FOR OPERATING STATISTICS,
PROGRAM ANALYSIS, SPECIAL STUDIES, TESTING, AND LABORATORY
RESEARCH

(See p. 726)

(Pursuant to request of the subcommittee, the Federal Security Agency submitted the following information for the record:)

Fiscal 1947 allotment and positions in divisions of the Federal Security Agency responsible for operating statistics, program analysis, special studies, testing and laboratory research

Unit	Budget allotment, 1947 ¹	Type of personnel				
		Total	Profes- sional	Clerical	Subpro- fessional and custodial	Commis- sioned officers and resident fellows
Federal Security Agency, total.....	\$8, 513, 273	² 2, 304	639	870	475	188
Laboratory research.....	4, 393, 462	1, 070	244	161	462	133
Other.....	4, 119, 811	1, 292	408	754	13	55
Agency Office of Research.....	13, 141	2	1	1	-----	-----
U. S. Public Health Service.....	6, 330, 005	1, 698	425	610	475	188
Laboratory research.....	4, 086, 462	1, 000	244	161	462	133
Other.....	2, 243, 543	698	181	449	13	55
Social Security Administration.....	1, 429, 530	410	196	214	-----	-----
Office of Education.....	279, 430	³ 77	7	8	-----	-----
Office of Special Services.....	461, 167	³ 117	-----	-----	-----	-----
Laboratory research.....	307, 000	³ 70	-----	-----	-----	-----
Other.....	154, 167	47	10	37	-----	-----

¹ Based on pay rates effective July 1, 1946; budget allotments for salaries only, does not include funds for travel or printing.

² Includes 132 estimated man-years devoted to research projects for which break-down by type of personnel is not available.

³ Includes estimated man-years devoted to research projects by personnel some of whom are also engaged in routine testing or administrative activities, consultation with States, etc.

SOCIAL SECURITY ADMINISTRATION

INFORMATIONAL SERVICE

(See p. 749)

(Pursuant to the request of the subcommittee, the Federal Security Agency submitted for the record the following information:)

Budget Bureau Bulletin No. 1946-47:19 (par. 4 (a))—Special information required by Appropriations Committees

PROFESSIONAL STAFFING SCHEDULE AS OF JAN. 15, 1947

Name	Entrance salary	Entered on duty, Social Security Administration	Present title	Grade	Present salary
Robert Huse.....	\$6, 500	1936	Director.....	CAF-14...	\$9, 376. 50
William M. Galvin...	4, 600	1936	Assistant Director.....	CAF-13...	8, 059. 80
Harvey A. Bush.....	3, 200	1936	Chief, Press, Editorial, and Production Division.	CAF-13...	7, 102. 20
Maurice Robbins....	3, 200	1936	Chief, Field Direction and Distribution Division.	CAF-12...	6, 144. 60
James F. Hagee.....	5, 180	1945	Assistant Chief, Press, Editorial, and Production Division.	CAF-12...	6, 144. 60
Herbert Borchardt...	2, 600	1939	Labor information specialist.....	CAF-12...	6, 144. 60
Charles Bernhard...	5, 180	1946	Editor-writer.....	CAF-12...	5, 905. 20
Louise Griffith.....	3, 800	1936	Assistant Chief, Field Direction and Distribution Division.	CAF-11...	5, 905. 20
Gladys Solomon.....	3, 800	1944	Editor-writer.....	CAF-11...	5, 152. 80
Eleanor Finger.....	3, 200	1945	Labor information writer.....	CAF-11...	4, 902. 00
Phil Bubes.....	3, 750	1946	Chief, Graphics Section.....	CAF-10...	4, 525. 80
Madge Lorwin.....	2, 000	1944	Labor information specialist.....	CAF-9....	4, 149. 60
Elizabeth S. Goodwin.	2, 600	1936	Editor-writer.....	CAF-9....	4, 149. 60
PART-TIME EMPLOYEE					
Marion Hedges.....	(¹)	1936	Chief, Labor Information Division..	CAF-12...	² 26. 40
FIELD					
James A. McLaughlin.	3, 800	1943	Regional representative, Informational Service, region I.	CAF-12...	6, 144. 60
Abe Savage.....	3, 200	1936	Regional representative, Informational Service, region II—III.	CAF-12...	6, 144. 60
Ruth Tennant.....	2, 300	1936	Assistant regional representative, Informational Service, region II—III.	P-4.....	5, 905. 20
L. Lamar Matthews..	3, 200	1936	Regional representative, Informational Service, region IV.	P-4.....	5, 654. 40
Louis Browdy.....	3, 800	1944	Regional representative, Informational Service, region V.	CAF-12...	5, 905. 20
C. John Russell.....	3, 800	1936	Regional representative, Informational Service, region VI.	CAF-12...	6, 623. 40
Marie Keller.....	3, 200	1936	Associate regional representative, Informational Service, region VI.	CAF-12...	6, 384. 00
Frank Dunn.....	3, 800	1936	Regional representative, Informational Service, region VII.	CAF-12...	6, 144. 60
Jerome O. Bjerke....	3, 800	1939	Regional representative, Informational Service, region VIII.	P-4.....	5, 654. 40
Charles S. Garrison..	2, 600	1937	Regional representative, Informational Service, region IX.	CAF-12...	6, 144. 60
Roy L. Swift.....	3, 200	1941	Regional representative, Informational Service, region X.	P-4.....	4, 902. 00
Mary G. Phillips....	3, 200	1943	Regional representative, Informational Service, region XI.	CAF-12...	5, 905. 20
Charles L. Towne....	3, 200	1942	Regional representative, Informational Service, region XII.	CAF-12...	5, 905. 20

¹ Not to exceed \$3,000.² Per day when actually employed.

SUBPROFESSIONAL, CLERICAL, AND STENOGRAPHIC STAFFING SCHEDULE¹ AS
OF JAN. 15, 1947

Helen N. Roberts---	\$1,800	1936	Editor-writer-----	CAF-7----	\$3,648.00
Luciene Thomas-----	1,260	1940	Supervisor, press digest-----	CAF-7----	3,397.20
Hortense Lintz-----	1,500	1939	Information specialist-----	CAF-7----	3,397.20
Louise B. Young-----	1,620	1936	Information clerk-----	CAF-5----	3,146.00
Elizabeth K. Dillon--	1,440	1941	Secretary to Director-----	CAF-5----	3,021.00
Rose Futrowsky-----	1,440	1936	Mail clerk-----	CAF-3----	2,619.72
Elsie Hoffmeister-----	1,260	1938	Assistant press service clerk-----	CAF-4----	2,544.48
Cleo Patricia Hall--	1,440	1942	Clerk-stenographer-----	CAF-4----	2,469.24
Della J. Beasley-----	1,260	1936	Secretary to Assistant Director-----	CAF-4----	2,394.00
Hiden M. Nagat-suka.	1,440	1941	Secretary to Chief, Field Division--	CAF-4----	2,394.00
Jennie C. Curry-----	1,968	1946	Secretary to Chief, Press Editorial Division.	CAF-3----	2,318.76
Margaret Dressler---	1,440	1945	Clerk-typist-----	CAF-3----	2,168.28
Eva Williams-----	1,440	1941	do-----	CAF-3----	2,168.28
Albert E. Godbout---	1,954	1946	do-----	CAF-3----	2,168.28

¹ Does not include clerical services provided regional representatives by regional offices.

BUREAU OF OLD-AGE AND SURVIVORS INSURANCE

PROPOSED LANGUAGE AMENDMENT

(The Federal Security Agency submitted the following letter and enclosure:)

FEDERAL SECURITY AGENCY,
Washington, April 17, 1947.

HON. WILLIAM F. KNOWLAND,
United States Senate, Washington 25, D. C.

DEAR SENATOR KNOWLAND: There is attached a draft of a proposed amendment to the Bureau of Old-Age and Survivors Insurance language in H. R. 2700. This amendment will enable the Bureau of Old-Age and Survivors Insurance to partially correct certain unwholesome working conditions in two of the buildings housing the Bureau in Baltimore, Md. These buildings are old, converted warehouses badly in need of interior painting to improve the inadequate lighting, provision of more adequate toilet facilities, and the installation of water coolers, in addition to other lesser items.

The estimate of \$175,000 and the addition of the necessary language has the informal approval of the Bureau of the Budget. I wish to point out that the amendment will not have the effect of increasing the appropriation request. This cost can be absorbed by adjusting other expenditures during the coming year.

Your favorable consideration of this amended language is urgently requested.
Sincerely yours,

WATSON B. MILLER, *Administrator.*

Page 32, line 9, before the period insert the following:

"Provided further, That of the amount authorized to be expended from the Federal old-age and survivors insurance trust fund, not more than \$175,000 may be expended, without regard to section 322 of the Act of June 30, 1932, as amended (40 U. S. C. 278 (a)) for alterations, improvements, and repairs to two buildings in Baltimore, Maryland, housing the wage record operations of the Bureau, which amount, except such part as may be necessary for incidental expenses of the Bureau, may be transferred to the Public Buildings Administration, Federal Works Agency, for such purposes."

DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

COUNTRIES HAVING MINIMUM-WAGE LAWS

(See pp. 454, 455)

(Pursuant to request of the subcommittee, the following information was furnished for the record:)

DEPARTMENT OF LABOR,
OFFICE OF THE ASSISTANT SECRETARY,
Washington, April 14, 1947.

The Honorable WILLIAM F. KNOWLAND,

United States Senate, Washington, D. C.

DEAR SENATOR KNOWLAND: When I was testifying before your subcommittee on April 11 questions were asked concerning the countries having minimum-wage laws and the effect of the activities of the International Labor Organization. I wish to submit information concerning these questions.

A list of the countries having minimum-wage laws is contained in the attached copy of an excerpt from the hearings before the Committee on Ways and Means, House of Representatives, on H. R. 2652, superseded by H. R. 3240 (79th Cong., 1st sess.), volume 1 (revised), pages 501-503.

This excerpt will also be of interest in connection with the effect of the activities of the International Labor Organization (see pp. 497-510).

Attached also are copies of report V for the twenty-ninth session of the International Labor Conference (1946) and the supplement and appendix to report V. These documents contain reports by member nations on the measures which have been taken to give effect to the provisions of International Labor Organization conventions to which their respective countries are parties. They include lists of legislation and administrative regulations establishing the standards set forth in the ILO conventions ratified by the countries reporting. Some of the legislation and administrative regulations preceded ratification of the ILO conventions, but, as I noted in my testimony, in some of these instances the impetus for the legislation and regulations was derived from action at ILO conferences. In most instances, however, the legislation and administrative regulations were adopted specifically to meet the standards established in the ILO conventions which the respective countries had ratified.

These two sets of documents present a lengthy and detailed picture of ILO accomplishments through the years. They show the world-wide improvement of living standards and working conditions as a direct result of the activities of the International Labor Organization.

The International Labor Organization has accomplished much. It has adopted 80 conventions and 80 recommendations since 1919. Fifty-two of these conventions are now in force. There have been approximately 930 ratifications of these conventions by 50 countries. The United States has ratified 5, all dealing with maritime employment. The failure of the United States to ratify more conventions is explained primarily by two facts:

1. Under the ILO Constitution it has not previously been possible for us to report on and take credit for State action which meets ILO standards in fields which are appropriate for State, rather than Federal, action. In such instances the Federal Government would not ratify and the State standards could not be reported, so our showing was not very good. This situation will be changed shortly as a result of action taken, with our full support and participation, at the twenty-ninth session of the International Labor Conference last fall. The

amended ILO Constitution will make possible reporting of State action concerning conventions which are not appropriate for Federal action. The wholehearted cooperation which we have been receiving from the State governments in connection with ILO activities augurs well for our participation under the new ILO Constitution. We have made it a practice to take a State labor commissioner on United States delegations to International Labor Conferences and their participation has indicated a widespread interest among the States in ILO activities.

2. The fact that United States standards in most respects equal or exceed ILO standards has, I am afraid, made us somewhat apathetic about pushing for United States ratification of ILO conventions. This should not be the case, of course, because we should be most anxious to ratify where the standards equal or exceed ILO conventions and take credit for our accomplishments. In this connection we should also note, however, that in a number of important respects our legal requirements do not meet ILO standards and, in some instances, our actual practice does not even conform.

International Labor Organization standards cover a wide range of subjects. The Organization has concerned itself with such matters as employment, hours of work, paid vacations, the protection of women and children, prevention of and compensation for industrial accidents, conditions in nonmetropolitan territories, the protection of seamen, social security, minimum wages, minimum-wage-fixing machinery, statistics, and migration.

These ILO conventions have had a profound and beneficial influence upon industry and labor in many countries. Among more recent manifestations of this influence are the following:

1. The patterns followed by the United States in the organization of wartime migration from Mexico, etc., were affected by studies of the ILO and by its conventions on migrant workers (dating back to 1919), although the United States had not ratified those conventions.

2. The British Government has based on ILO conventions its policy on recruitment and contracts of indigenous workers in its territories, for agricultural, railroad, and industrial employment.

3. A new factory act, passed by the New Zealand Legislature, raises vacation with pay following childbirth for working women from 4 to 6 weeks in order to meet the standards of an ILO convention.

4. New Zealand has patterned its employment service along the lines recommended by the ILO in 1944, and other countries are taking similar action.

5. The ILO's 1944 recommendations with respect to (a) full employment through planned reconversion; (b) employment services; and (c) national planning of public works have definitely affected the practices in Canada, Egypt, Sweden, the Union of South Africa, France, Bulgaria, Australia, Czechoslovakia, and Great Britain.

6. India has established an integrated system of employment exchanges along the lines recommended by the ILO.

7. In the field of social insurance especially, advice and assistance have been rendered by the International Labor Office to the governments of a large number of countries at their request.

8. In the United States the Employment Act of 1946 was inspired by the ILO. Senator Elbert D. Thomas has declared that action at the International Labor Conference in 1944 gave him and Secretary Perkins their inspiration to work for full employment in this country.

The standards set by ILO conventions and recommendations are not always as high as we should like to have them. That is, however, also true of minimum standards set by Federal and State legislation in the United States. This should not deter us from recognizing the importance of thus putting a floor below which standards shall not be permitted to drop. As Secretary Schwellenbach said, in commenting on the first international minimum wage—the \$64 monthly wage set by the ILO in 1946 for seafarers: "I cannot go along with the argument that a minimum wage law doesn't mean much if it affects only a small number of workers. * * * Experience has shown that if a reasonable minimum is set, it tends to increase the whole scale of wages—even those above the minimum to begin with. It also brings about a fairer competitive position, and the employer usually doesn't lose by it, because efficiency increases when the workers are better paid."

We are determined that the competition for world markets shall not be decided on the basis of the privations, poverty, hunger, or disease of the workers who produce the goods. Raising the world-wide levels of working conditions and living standards is ultimately to the advantage of all countries. Those countries having lower standards benefit through improved health and production and increased purchasing power of their workers. Those countries having higher standards benefit through a fairer competitive position for their products and increased markets because of the greater purchasing power in countries which import such products.

The International Labor Organization seeks to accomplish these goals by international cooperation. This cooperation strengthens the ties of international accord, and the good will engendered carries over into all phases of the political, economic, and social relations of countries. This is the heart of the philosophy underlying the United Nations and is a vital factor in the preservation of peace.

This, I believe, covers all of the additional information requested of me at the hearing. If there are any other facts that your subcommittee may find helpful I shall be pleased to supply them.

Sincerely,

DAVID A. MORSE, *Assistant Secretary.*

(The attachments referred to in the above letter were filed with the committee.)

(Whereupon, at 4:45 p. m., Wednesday, April 16, 1947, the committee recessed, to reconvene at 10 a. m., Thursday, April 17, 1947.)

LABOR-FEDERAL SECURITY APPROPRIATION BILL, 1948

THURSDAY, APRIL 17, 1947

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D. C.

The subcommittee met at 10:45 a. m., pursuant to adjournment, in the Senate Appropriations Committee room, the Capitol, Senator William F. Knowland, presiding.

Present: Senators Knowland, Young, Dworshak, McKellar, and Thomas.

Senator KNOWLAND. The meeting will come to order. Mr. Thomas W. Korb will be the first witness.

STATEMENT OF THOMAS W. KORB, NATIONAL ASSOCIATION OF STATE CHAMBERS OF COMMERCE, MILWAUKEE, WIS.

POSITION OF NATIONAL ASSOCIATION ON 1948 BUDGET

Mr. KORB. Mr. Chairman, Senators, my name is Thomas W. Korb. I am an officer of the Harnischfeger Corp., a manufacturing establishment in Milwaukee, Wis.

I appear here in behalf of thirty State-wide business organizations affiliated with the National Association of State Chambers of Commerce.

These organizations represent every section of the country, and have an aggregate dues paying membership of 35,000 businesses of all sizes engaged in every line of endeavor.

OPPOSED TO RESTORATION OF HOUSE REDUCTIONS

I do not presume to be an expert on the Federal budget. I am not here to attack appropriations for any of the essential services rendered by the Federal agencies you are now reviewing.

My statement is simply that the House Appropriations subcommittee of which Congressman Frank Keefe of Wisconsin is chairman has done an excellent job in thoroughly appraising the needs of the agencies whose requested appropriations are the subject of H. R. 2700. This Congress, and particularly in this case, this committee, is urgently requested not to restore the reductions passed by the House of Representatives. The National Association of State Chambers of Commerce on behalf of its affiliated members has gone on record opposing any increase in the appropriations provided in H. R. 2700.

You are well aware, I am sure, that some Federal agencies and their employees have been exerting pressure upon chambers of commerce

and other business organizations to urge the Senate to restore appropriation cuts made by the House. A good example of this pressure is to be found in the recent effort by Customs Service employees to secure business support for a restoration of the cut made in the United States Customs Service appropriation.

No State Chamber of Commerce advocates restoration of the cut made by the House in the Bureau of Labor Statistics appropriation or restoration of any other cut. Efficiency in operation and judicious paring of services necessary to the health and welfare of the people of the United States will not collapse our economy. The danger lies in the other direction. I believe that with some exceptions, the members of this Congress are well aware of this fact and indications point to an effort, more apparent in the House, to effect reductions in non-essential governmental activities.

The economy of this country cannot afford all the things that, in the minds of proponents of a large budget, are good for us. Nor can the lower levels of government constantly ask the Federal Government to pay their bills.

CASE OF THE U. S. EMPLOYMENT SERVICES

I might illustrate this point using the employment services as an example. For more than 2 years prior to and during the Seventy-ninth Congress demands were made to return the employment services to the States. State legislatures passed advisory resolutions requesting their return. The conference of Governors also made this request in resolution form. After a bitter battle the Congress last year returned the employment services to the States. But the Department of Labor holds the purse strings to the tune of \$71,728,000 in the appropriation bill now before you, enough to operate the State offices for the next 2 years. This is an example of indoctrination to the use of Federal funds. Two years from now the system may or may not be the same.

There is plenty of evidence that many of the State Employment Services are greatly overmanned as a result of wartime expansion under Federal control. If the \$71,728,000 grant proposed for the Employment Services is not already predicated upon a substantial reduction in staff personnel, then we recommend that you consider reducing this appropriation further in order to compel such a reduction.

PERCENTAGE INCREASE IN COST OF DEPARTMENT OF LABOR SINCE 1939

Organized business is for the greatest possible reduction in all Federal departments, bureaus, agencies, and corporations, and the elimination of unessential and duplicating services. The Federal Government is big business, monumental business, and the principles of management are the same whether it be for private enterprise or public affairs. Congress established many of these departments and agencies but never intended to foster the Gargantua that resulted. The cost of the Department of Labor has increased 973 percent since 1939 when its total expenditure was \$11,000,000.

There is no reason to believe any other peacetime department or agency established by the Congress is more or less important than an-

other and an increase of such proportions in each of them would soon swallow the entire national income and we would then have a socialistic state. As each appropriation bill is studied by this subcommittee I trust that it will weigh the alleged harm in any reduction effected against the benefits of a return to the private enterprise system and local government under States' rights.

FIRST WITNESS TO ADVOCATE GOVERNMENT ECONOMY

Senator KNOWLAND. The Chair will just observe that while the Senate committee will not necessarily retain all the House cuts or necessarily should retain all of them, nevertheless I will say that it is most refreshing to have heard your statement. You are the first witness who has come before the committee in 2 weeks of hearings who has advocated Government economy and at least trying to hold the line somewhat. It is a novel experience.

Mr. KORB. Well, Mr. Chairman, in the last 14 years it was a practice frowned upon. It was not in good taste, apparently, and it seems that the people, the general public, are in sympathy with the idea that the Federal Government should not entirely run their lives and every detail of their own personal affairs.

Senator KNOWLAND. Are there any questions?

Senator THOMAS. Yes; I would like to ask one question.

I note on page one that you recommend and urge that the Congress not restore any of the items eliminated or reduced by the House of Representatives. Have you read this entire bill?

Mr. KORB. I have read the report of the subcommittee, the report of the Appropriations Committee, and such of the testimony as I was able to absorb last night, Senator.

Senator THOMAS. I just wondered how it is possible for an individual to take a bill of this size, read it, study it, and take the hearings, voluminous as they are, and the report, and study those, and then come before the committee and recommend that the action taken by one body should be sustained by the other body, without being prepared to back up your statement with first-hand information.

Mr. KORB. Senator, that is a very fair statement. I might say this: That it is impossible for business people, it is impossible for people living in ordinary life to understand everything.

Senator THOMAS. It is impossible for us, and I think I speak advisedly, to know what is in the bill. It is impossible for the committee or the Congress to know where to cut or where to restore. I was wondering how you came to the conclusion you came to when you wrote that sentence.

Mr. KORB. The Senator answers that question himself by the statement that he does not know where to cut. The situation has reached the point, Senator, where something must be done. If it is drastic, it must be drastic, and subsequently we can determine where this drastic action, if such is necessary, has been ill-advised, and adjust ourselves to it. But we have reached a point where our national income of an estimated \$160 billion cannot consequently afford a government that is going to cost the people of the country 40 or 45 billion or 35 or 30 billion dollars. We do not know.

The Senator very appropriately mentioned that it is impossible.

I have had experience with the Department of Labor. I have tried to be as well acquainted with governmental affairs, as it is possible to be acquainted with them, not having any personal, selfish interest in it, except common-sense application, that is, my interpretation of the common-sense application.

I know that businessmen cannot come in to a subcommittee or a committee as well prepared as are the proponents of large appropriations.

Senator THOMAS. Before this committee the different bureaus and subbureaus and agencies come in and explain the need for the particular items or requests. I imagine they would be very much embarrassed if they were asked about the money appropriated for some other agency. They do seem to know what they need, and they justify their needs very plausibly.

I just wanted to raise that point.

Mr. KORB. I think it is well to hear, and I think it is a point Congress should be aware of, that the disadvantage of business, the disadvantage of the ordinary citizen is actuated and accentuated by the statement that the Senator makes.

Senator THOMAS. I understand your recommendation would be along this line: That appropriations are entirely too high, and that you favor a rather drastic reduction of appropriations and recommend that the Congress take action to see that that recommendation is carried out. Is that about your recommendation?

Mr. KORB. Yes, Senator.

Senator THOMAS. It applies not only to this bill, but to all bills, is that not correct?

Mr. KORB. I am speaking on this bill, Senator. I do not know the Senator's interpretation of the relative term "drastic." To the Department of Labor, it may be drastic. My recommendations here and my request that this committee do not restore the cuts made by the House we feel is not drastic. We feel it is very reasonable, Senator.

Senator THOMAS. Do you think the House has cut enough out of this bill?

Mr. KORB. I will make a general statement that I think the House is headed in the right direction, Senator.

Senator THOMAS. Have they gone far enough yet?

DISCUSSION OF SUBSIDIZING STATE EMPLOYMENT OFFICES DURING PERIOD OF PEAK EMPLOYMENT

Mr. KORB. I mentioned one item of \$71,000,000. That is peanuts, Senator, in the over-all economy; but I wonder why it is necessary for the Federal Government, with a \$255,000,000,000 national debt, depending on whose figures you use, to subsidize the States to the extent of \$71,000,00 to run an employment service which may not be required at a time of peak employment.

Senator THOMAS. Just one more suggestion. It has been my experience over a good many years that everyone, universally, is in favor of economy, except in that department in which they are especially interested. They want liberal actions taken toward that department.

Mr. KORB. I agree with you. Business is not going to be able to come out of the situation here without being splattered, itself. I

agree with the Senator wholeheartedly on that. There are going to be some business people who are going to ask Congress and probably this committee, directly or indirectly, to restore this or restore that appropriation or cut, and we ask you to say "no," whether it affects the State of Wisconsin or whether it affects any one of the 30 State Chambers of Commerce or any of the affiliated organizations.

COMMENT ON HOUSE COMMITTEE CUTS ON RECLAMATION, FLOOD CONTROL,
SOIL CONSERVATION

Senator THOMAS. The House Committee has reportedly made what I consider drastic cuts in the reclamation funds, the flood control funds, and funds for other national activities, like soil conservation, for illustration.

I noticed in the paper this morning where there is quite a furor from one section of the country against the proposed cut of the House. It looks like it might develop into quite an issue in the Senate and in the House as well.

What we are up against is to try and bring about economy, and every time we undertake to do it it seems we are stepping on somebody's toes.

Mr. KORB. I might say that the Congress is suffering from the ills of a past Congress for a past succession of liberal Congresses.

Senator KNOWLAND. I want to thank the witness for coming before us. As I said during the entire period of the hearing, you are the first witness who has come and has urged economy in government.

I assume that primarily you are offering a prayerful hope that the cost of government will be able to be reduced. I dare say that while it will be difficult for the witness to pick out in this substantial budget we have before us the precise items, I assume his generalities for economy are certainly as appropriate as the generalities of some of those who have been urging that we restore all of the House cuts back to where the Director of the Budget had suggested them.

Mr. KORB. Thank you very much, Mr. Chairman.

Senator McKELLAR. Let me ask you this question before you leave.

For a number of years, we have not kept ourselves self-sustaining. We have spent more money than we have had. In addition to that, because of the war, we owe \$260,000,000,000 in round numbers.

Do you not think we ought to put our Government on a self-sustaining basis and begin the payment of a portion of that debt from now on so as to put us on the road to security in the future?

Mr. KORB. Yes, Senator.

Senator McKELLAR. We owe too much money, and we must be self-sustaining and we must begin the payment on that debt.

Mr. KORB. Yes, sir. I agree with you.

Senator McKELLAR. I am much obliged to you for agreeing.

Senator KNOWLAND. Thank you very much.

LETTERS SUBMITTED FOR THE RECORD

Senator McKELLAR. Mr. Chairman, I want to introduce at this point a letter from Mrs. Amelia Slack Copenhaver, of Tennessee, which is about the agency that was brought up yesterday by Mrs. Ellen S.

Woodward; a letter from Mr. A. D. Holt, of Nashville, Tenn., concerning the problem of education; and another one from Dr. H. McLeod Riggins, president, American Trudeau Society, of New York, concerning streptomycin.

Senator KNOWLAND. They may go in at this point.
(The letters are as follows:)

BRISTOL, TENN.,
April 15, 1947.

Senator KENNETH McKELLAR,
United States Senate Office Building,
Washington, D. C.

MY DEAR SENATOR: My very close personal friend, Mrs. Ellen S. Woodward, Mississippi, has written me that the House has drastically cut the budget of the Office of Inter-Agency and International Relations of the Federal Security Agency.

The Office of Inter-Agency and International Relations is a part of the program staff offices in the office of the Administrator.

Mrs. Woodward, whom you know, heads this office. You will recall that she was sponsored by your good friend, the late Senator Pat Harrison, for many high offices in the Federal Government. She is a southern gentlewoman of rare charm and ability. She headed the Women's Division of WPA, was the woman member of the Social Security Board, a delegate to UNRRA, etc., though I feel that you are as familiar with her many important activities so beautifully executed as I am.

This letter came the very last of March and was sent to me in Nashville where I had gone to make a talk. It was delayed there and returned to me in Bristol, so I do not know the present status of the budget referred to. However, if it is not too late and your committee has not yet acted, I shall appreciate it very, very much if you will use your great influence to have this small budget restored.

There are seven people, only, including three stenographers in this office, and, while, of course, this budget is small compared to most budgets, this mere pittance is necessary for the work of the office with international agencies, is urgent and essential, and is being efficiently done. I understand the reason it got such rough treatment in the House was because the chairman of the subcommittee, Mr. Keefe, of Wisconsin, is not an internationalist, by any means.

Will you kindly let me know the status of this budget, what has been done toward its retention or what can be done?

And, thanks ever so much. With best wishes always,

AMELIA SLACK COPENHAVER.

TENNESSEE EDUCATION ASSOCIATION,
Nashville 4, April 15, 1947.

HON. KENNETH McKELLAR,
United States Senate, Washington, D. C.

DEAR SENATOR McKELLAR: Although our recent legislature gave us a substantial increase in State school appropriations, we still find ourselves without sufficient funds to conduct an adequate program of education in Tennessee. In view of our financial limitations and heavy educational burdens, it seems that Federal aid offers the only satisfactory solution to our problem, and we believe that S. 472 is the best Federal-aid bill which has yet been presented to Congress.

As hearings on this measure are to be held by the Senate subcommittee next week, Commissioner Burgin Dossett, Mrs. C. E. Rogers, president of the Tennessee Congress of Parents and Teachers, Tom Passons, State commander of the the American Legion, and I are planning to come to Washington next week to help the cause in an way we can. We would like very much to have a short conference with you sometime Tuesday or Wednesday. I shall call you when I arrive and make a definite engagement with you.

Looking forward to seeing you, and with best wishes, I am,
Sincerely yours,

A. D. HOLT, Secretary-Treasurer.

AMERICAN TRUDEAU SOCIETY,
 MEDICAL SECTION—NATIONAL TUBERCULOSIS ASSOCIATION,
 New York 19, N. Y., April 16, 1947.

HON. KENNETH D. MCKELLAR,

United States Senator, Senate Chamber, Washington, D. C.

DEAR SENATOR MCKELLAR: I am very grateful to you for the time which you gave me on the telephone last evening, when I called to draw certain matters to your attention regarding the great necessity for adequate public funds in order to implement: (1) Tuberculosis-streptomycin research, and (2) general medical research. This letter is in compliance with your request that I write you in some little detail regarding the need for the above research studies.

During the past 2 years, it has been demonstrated that streptomycin has definite possibilities and limitations in the treatment of tuberculosis. It is generally agreed by certain members of the medical profession and research workers, particularly in the National Tuberculosis Association and also by members of the United States Public Health Service, that further research work is absolutely essential to clearly define the value of streptomycin in the treatment of tuberculosis.

Following the appointment of a tuberculosis study section by Surgeon General Parran, of the United States Public Health Service, the members of the study section have given much thought to the planning of research to determine at the earliest possible date the value and toxic effects of streptomycin when used for tuberculosis. After several meetings and very careful thought, the tuberculosis study section found that, in order to carry out the urgently needed research during the fiscal year of 1948, a minimum of \$3,000,000 was essential.

We of the National Tuberculosis Association are in complete agreement with the findings and recommendations of the Tuberculosis Study Section, National Institute of Health, in this regard. We believe that if this research can be done on the scale that is necessary during the next year, such work may significantly contribute to the treatment and control of tuberculosis throughout the country, and may save many lives, alleviate much suffering, and save millions of dollars of the taxpayers money.

I learned from the Senate Document No. 44 that the Bureau of the Budget has only recommended \$1,000,000 be allocated for streptomycin-tuberculosis research during the fiscal year 1948. Members of the American Trudeau Society and of the National Tuberculosis Association are convinced that \$3,000,000 is absolutely essential in order to carry out research which is already planned and urgently needed in this field. We further hope, and respectfully request that the Senate Appropriations Committee might give consideration to increasing the amount of funds to be expended for tuberculosis-streptomycin research from \$1,000,000 to \$3,000,000 for the next fiscal year.

Our association is also convinced of the urgent necessity that \$3,692,000 additional funds be made available to the United States Public Health Service for general medical research during the fiscal year of 1948. These funds are in addition to those which were referred to by Surgeon General Parran during his appearance before the House Appropriations Subcommittee (p. 495). I should, therefore, like to venture the hope, and respectfully request that the members of the Senate Appropriations Committee give consideration to the request for these funds to carry on general medical research during the next fiscal year. I would also respectfully suggest that the Appropriations Committee inquire from the Surgeon General in regard to the urgent necessity of these funds even at a time when all of us appreciate the need of economizing. I am sure I voice the opinion of members of our association and of our profession when I say that America can ill afford to economize in matters of research and public health.

Respectfully yours,

H. McLEOD RIGGINS, M. D.,
President, American Trudeau Society.

Senator KNOWLAND. The chairman has several letters he would like to put in the record at this point. One is a letter from Senator Saltonstall, of Massachusetts, with some enclosures; secondly, a communication from the Department of Labor, Bureau of Labor Statistics, relative to certain questions which have been asked by the committee; and thirdly, a communication from the Federal Security Agency.

(The letters and enclosures are as follows:)

UNITED STATES SENATE,
April 9, 1947.

HON. WILLIAM F. KNOWLAND,
Senate Office Building, Washington 25, D. C.

DEAR BILL: In regard to our conversation yesterday concerning the problem of maintaining the Roster of Scientific and Specialized Personnel, I am enclosing a memorandum of the situation for your consideration as it has been given to me. I also enclose a copy of a letter which I received from Dr. Leonard Carmichael, president of Tufts College.

Sincerely,

LEVERETT SALTONSTALL.

MEMORANDUM RE ROSTER OF SCIENTIFIC AND SPECIALIZED PERSONNEL

1. *Function of the roster.*—It is an analytical list, kept up to date and classified by a punch-card system, of some 300,000 professionally and scientifically trained persons in this country. The roster was especially active in relation to the Army, Navy, industry, and education during the war. In the recent Greek crisis the roster was called upon to supply names of individuals with knowledge of that country who also had specialized capabilities.

2. *Administrative background of roster (how it came under the Department of Labor).*—It was established in 1940 under the directorship of Dr. Leonard Carmichael, president of Tufts College, and located in the Civil Service Commission. Later it was transferred to the War Manpower Commission. With a subsequent reorganization of the WMC, the roster's functions were transferred to the United States Employment Service. It came under Department of Labor jurisdiction when USES was transferred to that Department in 1945.

3. *Present status of roster.*—It is now being kept in a stand-by status until such time as it could be transferred as a working agency to the proposed National Science Foundation (transfer to the Foundation is the recommendation of both USES and the leading scientific groups).

4. *Effect of House-approved appropriations bill on roster.*—To keep the roster at its present level, USES requested \$133,966 for the 1948 fiscal year, which represents a substantial cut both in appropriations and personnel over the current fiscal year.

While the House bill did not specifically direct that the roster be discontinued, it ignored all specific requests for funds, including that of the roster. The House did, however, cut USES's over-all budget request of \$3,912,900 for salaries, excluding veterans' activities, to \$900,000. USES officials say, therefore, that \$133,966—the minimum amount needed to maintain the roster—is too great a percentage of their over-all appropriation to permit continuance of roster.

5. *USES recommendations re roster.*—Officials have stated that the House appropriations have so curtailed the USES funds that the roster will have to be dropped in 2 or 3 weeks unless Senate appropriations restore a special allocation for the roster to keep it going until the National Research Foundation bill becomes a law.

In a statement before Senate Appropriations Subcommittee on April 7, Robert C. Goodwin, Director of USES said: "In connection with our specified placement services we maintain the National Roster of Scientific and Specialized Personnel, which constitutes the only register of our scientific manpower resources. This activity is recognized as important to our national security program by the War and Navy Departments and scientific associations. It cannot be continued more economically than it is at present. There is a bill before the Senate (S. 526) for the establishment of a National Science Foundation. This bill provides, among other things, for the transfer of the roster from the United States Employment Service to this new organization. It is my recommendation that the roster be maintained at the present level of operation in the United States Employment Service until such time as the Congress may decide that it should be transferred elsewhere." USES officials have estimated that a deficiency appropriation of between \$15,000 and \$20,000 will maintain roster until July 1, 1947.

6. *National Science Foundation bill (S. 526) now on the calendar.*—Section 15 (k) states: "The National Roster of Scientific and Specialized Personnel shall be transferred from the Department of Labor to the foundation, together with

such of the personnel, records, property, and balances of appropriations as have been utilized or are available for use in the administration of such roster as may be determined by the President. The transfer provided for in this subsection shall take effect at such time or times as the President shall direct."

Conclusion.—The problem, therefore, is "How to keep together this file of scientific personnel as a working agency until such time as it may be transferred to a more appropriate agency." The immediate fate of the roster is currently a source of some concern to many of the country's leading scientific associations.

TUFTS COLLEGE,
Medford 55, Mass., March 25, 1947.

Hon. LEVERETT SALTONSTALL,
United States Senate, Washington, D. C.

DEAR SENATOR SALTONSTALL: I was delighted to learn that you were one of the sponsors of the new science bill. I testified before the old Kilgore committee in two different years in favor of maintaining within the proposed science organization a national list of qualified American scientists. I believe that this testimony was in general considered favorably by the sponsors of the bill. I was delighted the other day when my good friend and fellow alumnus Vannevar Bush said that the new legislation was contemplated transferring the National Roster of Scientific and Specialized Personnel to the proposed science foundation.

Due to a series of administrative moves the roster, which was first established when I became its director, was located in the Civil Service Commission. Later it was transferred to the War Manpower Commission, and indeed was the first agency to be actively in operation in that somewhat ill-starred organization. With the reorganization of the Manpower Commission its functions were largely transferred to the United States Employment Service, and, therefore, some people thought somewhat illogically, the roster became part of the national clearing-house procedure of the United States Employment Service. As you know, the United States Employment Service was then assigned to the Department of Labor. Therefore the roster also became part of the Department of Labor.

A good deal of money and a great deal of cooperative effort on the part of all the scientific societies of the country have been expended in developing the roster. The analytical punch cards on which are listed virtually all of America's scientists represent a tremendous investment in labor and a substantial investment in funds. It is interesting to know that with the recent development of the Greek crisis the roster was called upon in the emergency to supply names of individuals with knowledge of that country who also had some other specialized capacities. Indeed, in recent months the roster has been especially active in relation to the Army and Navy, education, and private industry.

It would be greatly to the national advantage, it seems to me, if the roster could be singled out by the Senate committee and given a special appropriation to allow it to maintain its functions at least long enough to see whether or not the new science legislation passes so that this great and effective analytical list of America's professionally and scientifically trained manpower could be turned over intact to the new science foundation.

May I take this opportunity to send you my most sincere personal greetings. I want again to thank you for your very great kindness, in speaking at the Fletcher School. We appreciated it most sincerely.

Very truly yours,

LEONARD CARMICHAEL.

DEPARTMENT OF LABOR,
BUREAU OF LABOR STATISTICS,
Washington 25, April 11, 1947.

Hon. WILLIAM F. KNOWLAND,
United States Senate, Washington, D. C.

MY DEAR SENATOR KNOWLAND: I am sending, for your information, copies of some of the publications of the Bureau of Labor Statistics which were requested by various members of the Senate Subcommittee on Appropriations during the course of our hearing. I thought that each member of the subcommittee might like to have a set of these documents.

They include the following:

1. *Industrial accidents*

Quarterly summary for the last quarter of 1946—manufacturing only.

Annual summary for 1946—preliminary—all industry groups.

Printed bulletin for 1945—detailed report for all industry groups.

2. *Occupational outlook studies*

Bulletin No. 837-2—Employment Opportunities in Aviation Occupations.

Bulletin No. 892—Employment Outlook for Business Machine Servicemen.

These are the 2 largest examples of 20 such studies that will be done in the current fiscal year. These have a wide circulation among vocational counselors in the schools. Thirty-five hundred copies of an earlier pamphlet on Employment Outlook for Diesel Mechanics (Bulletin 817) have been sold through the Government Printing Office.

3. *Summary of Current Technological Developments*

This publication is a part of the work on productivity. In 1945 this report for the years 1942-44 was printed in summary form by a subcommittee of the House Committee on Military Affairs.

4. *State employment reports*

In California the employment statistics are compiled monthly by the department of industrial relations. The Bureau has assigned three employees to assist the State in the compilation of these statistics and, in addition, provides technical statistical services, the aggregate Bureau of Labor Statistics participation approximating \$15,000. I am sure that Mr. Paul Scharrenberg and his staff will tell you that they have found this cooperative arrangement very satisfactory.

Other publications of the Bureau, including the Monthly Labor Review, have been submitted as part of the general exhibit of the publications of the Department of Labor.

Very truly yours,

EWAN CLAGUE.

Commissioner of Labor Statistics.

FEDERAL SECURITY AGENCY,
Washington, April 4, 1947.

MR. EARL W. COOPER,
*Senate Appropriations Committee,
United States Senate, Washington, D. C.*

DEAR MR. COOPER: The enclosed report was prepared in compliance with section 4, Bureau of the Budget Bulletin No. 1946-47:19, under the subject, Special Information Required by the Appropriations Committees. It will, I believe, meet your request for data on informational activities and personnel in the Federal Security Agency. As you requested, I am also submitting copies of representative publications issued by the Agency.

The preparation of this report was originally directed toward specifications included in the memorandum of the Bureau of the Budget, as follows:

"Work considered as public relations and publicity for purposes of these statements includes preparation of material for newspapers, periodicals, and other non-Federal publications; distributing press releases and interviewing representatives of the press; preparation of material for broadcasting purposes and contacts with broadcasting representatives; preparation of advertisements (whether paid or free) except advertising relating to the acquisition or disposal of Government property; preparation, installation, and circulation of exhibits; production of motion pictures and film strips except those for internal use in the Government; and preparation of publications neither required by law nor issued primarily for internal use in the Government.

"Excluded from consideration should be the time of employees whose work is devoted to publications required by law (e. g., annual reports, farmers' bulletins, internal revenue decision, and other publications of that type) or those primarily for use within the Government; the answering of correspondence from the public; and the issuance of interpretations on regulations, orders issued under the Administrative Procedure Act, etc."

Any additional information will be cheerfully supplied on request.

Very truly yours,

M. A. STEPHENS,
Budget Officer.

Federal Security Agency—Public reporting personnel

Unit	Clerical	Professional	Total	Annual cost
Food and Drug Administration.....		1	1	\$4,902.00
Office of Education.....	1	4	5	21,717.18
Office of Vocational Rehabilitation.....	2	4	6	27,101.12
Public Health Service.....	19	50	69	279,095.00
Social Security Administration ¹	17	32	49	227,631.33
Office of Administrator.....	2	2	4	20,048.79
Total.....	41	93	134	580,495.42

¹ Includes 4 bureaus—Children's Bureau, Bureau of Employment Security, Bureau of Old-Age and Survivors Insurance, Bureau of Public Assistance.

INFORMATION SERVICE SUBMITTED IN COMPLIANCE WITH SECTION 4, BUREAU OF
THE BUDGET BULLETIN No. 1946-47:19

The total Agency activities which might be considered as falling within the scope of this inquiry probably represent the equivalent of not much more than 5 percent of all the work of the individuals covered in the accompanying table.

For purposes of analysis, this might be translated as equaling about 4.5 full-time professional positions and 2 full-time clerical positions. But in practice it is not so segregated.

The Agency's reporting and operating functions are integrated, and the staff responsible for reporting specializes in program content rather than in production categories. The same individual ordinarily may prepare material in his subject-matter field for the annual report, for Government publications required or authorized by law, and for non-government publications, newspapers, radio, etc. Conversely, no one in the Agency is assigned exclusively to "press contacts" or "radio production" or any similar "media" specialty (pp. 5 and 6).¹

This policy is dictated by two over-all considerations:

First, in administering Nation-wide programs which in one way or another directly affect the health, education, or security of individuals and families, the Federal Security Agency's obligations for public information are a statutory and integral part of its responsibility, and an essential of effective and economical operation (pp. 1 and 7).

Second, this function entails the presentation of legal, scientific, and technical material in a form that must be not only accurate, but understandable and accessible to all the people who need and want it.

A recent break-down of current materials shows that the Agency's output meets these criteria. Grouped by administrative purpose they fall under seven headings as indicated by the percentage estimates:

	Percent
Reports required by law (p. 1).....	11.9
Reports representing end result of operations specifically authorized by law ² (p. 2).....	29.7
Material designed to facilitate conformance with law and promote efficient and economical operation ² (p. 2).....	22.9
Material designed to promote effective service to those expressly named as potential or actual "consumers" or beneficiaries of Agency programs ² (p. 3).....	17.3
Answers to specific inquiries (p. 4).....	13.1
Spot news of immediate public interest (pp. 4 and 6).....	3.8
Miscellaneous (p. 5).....	1.3

¹ Page references indicate related sections of the attached explanatory statement.

² In some cases, this information, like that under the first grouping, is specifically required by law.

PUBLIC REPORTING—RESPONSIBILITIES AND ACTIVITIES OF THE FEDERAL SECURITY
AGENCY

Charged by law with responsibility for measures to promote health, education, and security throughout the Nation, the Federal Security Agency has obligations to the Congress and the citizens for effective, economical administration of public services in diversified scientific and technical fields.

In carrying out this responsibility, the Agency has direct contacts with millions of individuals, including both persons in a wide range of official and professional capacities, and citizens in their various roles—as individuals and as community members, as the younger and older members of family groups, as wage earners and employers, as manufacturers and producers, as taxpayers, and as actual or potential consumers of tax-supported benefits and services.

As an integral part of this duty, the Agency therefore must provide whatever facts and explanations these individuals and groups need to facilitate both efficient operation within the Agency and effective delivery of its services at the points and to the people designated by law.

The Agency disseminates material on these programs, as required or authorized by law and as dictated in the interests of good administration. (Citations of pertinent statutes, etc., are attached.) Estimates made in December 1946 substantiate the Agency's strict adherence to statutory authority and administrative necessity in disseminating public information. This break-down shows that the Agency's current materials are grouped by purpose in the proportions indicated by the percentage estimates:

(1) Reports required by law, 11.9 percent.

In programs directly affecting many individuals, reporting on services and accounting for expenditures represent not only a legal requirement but a public obligation to the citizens and to cooperating State agencies, as well as to the Congress and the President. Federal Security Agency reports required by law include—

Annual reports of operations and expenditures.

Rulings, interpretations of regulations, etc.—social security, public health, food and drug, education, vocational rehabilitation, etc.

Public Health reports.

Notices of judgment on violations of food and drug and related legislation.

Digest of State vocational education reports.

(2) Reports representing end result of operations specifically authorized by law,¹ 29.7 percent.

This is the largest sector of the Agency's reporting activities. As distinguished from the publications cited under (1) above, it comprises material relating to national problems of health, education, and security for which the Congress has assigned to the Agency specific responsibility for conducting practical research and disseminating its results. Publications resulting from scientific and technical studies are addressed to those members of the public—officials, professional groups, or laymen—who need and can utilize such information in meeting the problems designated by the Congress. Statutory authority recognizes that the research and publication aspects of this obligation are inseparable; it would, for instance, be a waste to provide public money for medical research if there were no channels through which to communicate the resulting new knowledge for the public benefit. Material under this head would cover, for example:

Scientific studies and findings of the National Institute of Health; other Public Health Service medical research in venereal disease, tuberculosis, cancer, mental health, etc.

Reports of vital statistics.

Research in child health and welfare, including infant mortality, birth rate, accident and disease, orphanage, desertion, juvenile courts, legislation, etc.

Findings with respect to dangerous foods and drugs and those constituting gross deceptions, and reports of other scientific investigations necessary to the enforcement of food and drug legislation.

School census and other reports on educational statistics; research on vocational education and other fields to promote the cause of education.

Reports on social-security operations and related statistical data.

(3) Material designed to facilitate conformance with law and to promote efficient and economical operation,¹ 22.9 percent.

Throughout the Agency's programs, public cooperation in complying with laws, regulations, or rules is necessary for the effective administration or enforcement of the acts of Congress for which the Agency is responsible. The success of these programs, therefore, depends on the extent to which the public concerned understands its obligations and duties. The entire old-age and survivors insurance

¹ In some cases, this information, like that under the first grouping, is specifically required by law.

system of benefits depends, for example, on proper application for accounts by wage earners and accurate wage reporting by employers. Any error on their part not only jeopardizes the worker's insured status and eventual benefits; it also pyramids the operating costs of a system with millions of individual accounts. The only way to minimize the administrative waste entailed in faulty accounts and incorrect wage reporting is to keep wage earners and employers accurately informed and alert as to their part in this system. So also in food and drug regulation, the industries concerned are ready and willing to assume major obligations for self-policing; this substantially reduces the cost of Government enforcement, but is impossible unless the industries can know what is involved. Material of this kind includes—

- Instructions for employers and wage earners on how to minimize errors in old-age and survivors insurance accounts—avoiding duplicate account numbers; reporting wages promptly and correctly; applying for benefits, etc.

- Comparable material for employers and wage earners on the State-Federal system of unemployment compensation.

- General information, including the directing of inquiries to State agencies, on all grant-in-aid programs.

- Explanation for affected producers of food and drug laws and regulations—as import information circular, etc.

- Information on requirements for Federal aid in hospital construction, etc.

(4) Material designed to promote effective service to those expressly named as potential or actual “consumers” or beneficiaries of Agency programs,¹ 17.3 percent.

The end purpose of all Federal Security Agency programs is to provide certain congressionally authorized services and benefits designed to promote the health, education, or security of individuals and families. The extent to which this purpose is achieved depends in substantial measure on the understanding of those potentially or actually eligible. Though some of these services, like those for general public health, operate for the protection of the public as a whole, many others apply only to certain individuals under specific qualifying circumstances. If such programs are to be effective, the facts about who is entitled to what, and where to apply for it, must be readily accessible. The vocational-rehabilitation program, for example, cannot succeed unless it is generally known to the handicapped and those personally or professionally interested in them; this need has been stressed by a congressional subcommittee. Material under this heading also serves the secondary, but not negligible, purpose of helping to forestall both needless disappointment to ineligible individuals and the expense to the Government entailed in processing such applications. Material addressed to potential or actual beneficiaries covers—

Who is eligible, how and where to apply, and what is available under such programs as—

- Old-age and survivors insurance.

- Unemployment compensation.

- Public assistance—to dependent children, the needy aged, and the blind.

- Maternal and child health.

- Crippled children's services.

- Child-welfare services.

- Emergency maternal and infant care.

- Vocational rehabilitation.

- Information for Public Health Service beneficiaries—merchant marine, Coast Guard, and others.

- Consumer information on pure food and drug safeguards.

(5) Answers to specific inquiries,² 13.1 percent.

Because of widespread public interest in Agency programs and the increasing national concern with problems of health, welfare, and education, the Agency receives a heavy and continuing flow of inquiries—from Members of Congress, Federal, State, and local agencies, newspapers and other news media, voluntary organizations, and private individuals. To conserve administrative time and effort, a substantial part of this load is handled as a service operation. The use of printed material of the kinds indicated above, wherever available and applicable, represents a very considerable additional saving.

(6) Spot news of immediate public interest, 3.8 percent.

² Includes only inquiries handled in Information Service units.

The Agency's established policy is to hold press releases to the minimum consistent with the public interest. All its constituents together, for example, have issued a total of only 62 national releases since the beginning of the current fiscal year. This represents less than 2 a month in behalf of each major constituent. Typical releases during this period have covered—

- Inauguration of new mental health program.
- Current statistics on marriages, births, and deaths.
- Fall enrollment in colleges throughout the country.
- Current teacher shortages.
- Increased funds available for child health and welfare.
- Recommendations for cancer control.
- Appointment of Hospital Construction Advisory Council.
- Changes in top staff at Freedmen's Hospital.
- Summary of 10 years' operations in old-age and survivors insurance.
- February 10, 1947, deadline for retroactive old-age and survivors insurance benefits of veterans' survivors.

(7) Miscellaneous, 1.3 percent.

This group includes descriptive and factual statements for Government manuals and directories, encyclopedias, professional and civic organizations and periodicals; "special occasion" statements on request from national civic and professional organizations, etc.

Though the materials cited represent typical examples rather than a complete listing under each category, this break-down shows that the Agency's reporting activities are organized according to program purposes rather than method of production. The two last groupings, representing 5.1 percent of total output, would, however, probably come within the categories listed in the Bureau of the Budget bulletin for inclusion in the present inquiry. Since all, or very nearly all, of the remaining 94.9 percent is devoted to material required or authorized by law or to handling inquiries, it would seem that it would probably be excluded from consideration.

If something like this 5 percent is taken as a base of comparison, it represents somewhere in the neighborhood of 4.5 full-time professional and 2 full-time clerical positions to be accounted for in this connection. But whatever portion of the total work should be ascribed to the activities under consideration, it must in any case be spread among the entire personnel list, as submitted.

The examples given above indicate both the wide scope and the scientific, technical, and legal character of the materials for public information required in Federal Security Agency programs. In handling such material, the need for specialization in the interests of accuracy speaks for itself. In medical research, for example, the slightest slip may be literally a matter of life and death. Recently, for example, a printing error in reproducing Public Health Service information for physicians on treatment of a serious disease might have caused disaster, if the Service had not been alert and required Nation-wide telegraphic correction. The Public Health Service has also recently found it necessary, as it has on occasion in the past, to issue a warning against overenthusiastic claims and dangerous misinformation, in this case, on experiments in cold prevention. The same need for accuracy obtains with respect to statements on foods and drugs. Errors in fact or emphasis are comparably serious in social security and related programs; any misinterpretation may not only mislead individuals as to their benefit rights, but also result in needless Government expense, including the holding of hearings, etc. Through training and experience, Agency staff members become specialists in interpreting particular fields, with the object of providing dependable and usable information for whatever groups of people are concerned and in whatever medium of production seems most practicable and effective for a particular purpose.

This integration of public information with other aspects of administration is further illustrated by current examples of how the Agency typically uses the production media cited by the Bureau of the Budget:

Material for newspapers, periodicals, and other non-Federal publications, is represented by a year-end story, requested by the New York Times on old-age and survivors insurance.

Press-releases: The two releases issued during the current week are a year-end story on unemployment compensation and announcement of an examination for appointment of Public Health Service medical officers.

Interviewing the press consists of answering incoming phone and personal inquiries, as, for example, recent questions on changes in old-age and survivors insurance legislation affecting veterans, folic acid research in nutrition, and similar technical and scientific matters.

Material for broadcasting is represented by a current request from a public-service program for an interview, addressed to consumers, on pure food and drugs.

Preparation of advertisements is not a Federal Security Agency function. (During the war it did occasionally on request advise publishers and advertisers on war-service contributions of space for such programs as nutrition and nurse recruitment.)

Exhibits, in the usual sense, are not being undertaken. Graphic material would include, for example, counter-card instructions for old-age and survivors insurance account holders and beneficiaries, and food sanitation posters for use in restaurant kitchens.

Motion pictures and film strips are at a minimum. This year's only motion picture is Comeback, designed to explain vocational rehabilitation to employers, civic, educational, labor, welfare, and other groups who can help the handicapped get back to work. It was produced (by outside contract) in line with a recommendation of the Subcommittee on Aid to the Physically Handicapped of the House Committee on Labor with funds earmarked by the Congress explicitly for this purpose. Occasional public health film-strips and motion pictures are for professional and technical training purposes both within and outside the Service—as, for example, on the use of DDT in malaria control.

Publications not specifically required by law, might be taken to include those which, though not mandatory, are authorized by general or specific legislation. Or such authorized publications might be considered as analogous to the farmers' bulletins cited for exclusion by the Bureau of the Budget Bulletin. To its knowledge, the Federal Security Agency issues no publication for which it lacks authorization. Typical examples of Agency publications are—

Infant Care

Workers' Health Series—cold-prevention, sight-conservation, fatigue, etc.

Vocational Rehabilitation for Civilians

Unemployment Insurance and You

The Teaching Profession

The Child

Cancer Journal—and other Agency periodicals

FEDERAL SECURITY AGENCY

STATUTES, RULINGS, ETC. RELATING TO REPORTS, PUBLICATIONS, AND SIMILAR MATERIAL

The citations in the following summary indicate some of the authority under which the Federal Security Agency and its constituent units disseminate material for public instruction and information.

PUBLIC HEALTH SERVICE

The Surgeon General shall conduct * * * and cooperate with * * * other appropriate public authorities, scientific institutions, and scientists, in * * * research, investigations, experiments, demonstrations, and studies relating to the causes, diagnosis, treatment, control, and prevention of physical and mental diseases and impairments of man, including water purification, sewage treatment, and pollution of lakes and streams. In carrying out the foregoing the Surgeon General is authorized to (a) collect and make available through publications and other appropriate means, information as to, and the practical application of, such research and other activities (sec. 301 of the Public Health Service Act, approved July 1, 1944, 58 Stat. 691, 42 U. S. C. 241).

From time to time the Surgeon General shall issue information related to public health, in the form of publications or otherwise, for the use of the public, and shall publish weekly reports of health conditions in the United States and other countries and other pertinent health information for the use of persons and institutions engaged in work related to the functions of the Service (sec. 315 of the Public Health Service Act, approved July 1, 1944, 58 Stat. 695, 42 U. S. C. 247).

The National Advisory Mental Health Council * * * is authorized to * * * (2) * * * with the approval of the Surgeon General, make available such information [as to studies in the field of mental health] through the appropriate publications for the benefit of health and welfare agencies or organizations (public or private), physicians, or any other scientists, and for the information of the general public. * * * (Sec. 217 (e) of the Public Health Service Act as added by sec. 5 (d) of the National Mental Health Act, approved July 3, 1946, 60 Stat. 422, 42 U. S. C. 218 (e).)

The [National Cancer Advisory] Council is authorized: (b) To collect information as to studies * * *, as to the cause, prevention, and methods of diagnosis and treatment of cancer, * * * and with the approval of the Surgeon General make available such information through the appropriate publications for the benefit of health agencies and organizations (public or private), physicians, or any other scientists, and for the information of the general public (sec. 404 of the Public Health Service Act, approved July 1, 1944, 58 Stat. 708, 42 U. S. C. 284).

* * * Mortality, morbidity, and vital statistics * * * shall be published as a part of the health reports published by the Surgeon General (sec. 313 of the Public Health Service Act, approved July 1, 1944, 58 Stat. 693, 42 U. S. C. 245).

Funds appropriated under subsection (a) (sec. 314 (a) of the Public Health Service Act; 42 U. S. C. 246 (a)), and funds appropriated under subsection (b) (sec. 314 (b) of the Public Health Service Act; 42 U. S. C. (b)), * * * shall also be available for expenditure by the Surgeon General in otherwise carrying out the respective subsections, including expenditures for printing and binding, of the findings of investigations * * * (sec. 314 (j) of the Public Health Service Act, approved July 1, 1944, 58 Stat. 695, 42 U. S. C. 246 (j)).

OFFICE OF EDUCATION

* * * the purpose and duties of [the Office of Education] shall be to collect statistics and facts showing the condition and progress of education in the several States and Territories, and to diffuse such information respecting the organization and management of schools and school systems, and methods of teaching, as shall aid the people of the United States in the establishment and maintenance of efficient school systems, and otherwise promote the cause of education throughout the country (20 U. S. C. 1, R. S. sec. 516, 18 Stat. 84). (This section was derived from sec. 1 of the act of March 2, 1867; 14 Stat. 434.)

The Commissioner of Education is authorized to prepare and publish a bulletin * * * as to the condition of higher education, technical and industrial education, facts as to compulsory attendance in the schools, and such other educational topics * * * as may be deemed of value to the educational interests of the States. * * * (20 U. S. C. 3, sec. 1 of the act of May 28, 1896, 29 Stat. 171).

There is annually appropriated * * * the amounts hereinafter provided for the use of the Federal Security Agency * * * for the purpose of making studies, investigations, and reports to aid in the organization and conduct of vocational education (20 U. S. C. 11, sec. 1 of the act of February 23, 1917; 39 Stat. 929).

There is appropriated to the Federal Security Agency the sum of \$200,000, annually, for the purpose of making or cooperating in making the studies, investigations, and reports provided for in section 17 of (title 20 U. S. C.). * * * this appropriation is also made available for printing and binding, * * * (20 U. S. C. 15, sec. 7 of the act of February 23, 1917, 39 Stat. 933, as amended by sec. 1 of the act of October 6, 1917, 40 Stat. 345).

For the purpose of carrying out the provisions of sections 15i-15m, 15c-15q of (title 20 U. S. C.) there is authorized to be appropriated to the Office of Education, Federal Security Agency, for vocational education, for the fiscal year beginning July 1, 1937, and annually thereafter the sum of \$350,000, to be expended for the same purposes and in the same manner as provided in section 7 of the Smith-Hughes Vocational Education Act, as amended October 6, 1917 (20 U. S. C. 15q, sec. 4 of the act of June 8, 1936, 49 Stat. 1489, as amended by act of August 1, 1946, 60 Stat. 777).

* * * It shall be the duty of the Federal Security Agency to make or cause to have made studies, investigations, and reports, * * * [which] shall include agriculture and agricultural processes and requirements upon agricultural workers; trades, industries, and apprenticeships, trade and industrial requirements upon industrial workers, and classification of industrial processes and pursuits; commerce and commercial pursuits and requirements upon commercial

workers; home management, domestic science, and the study of related facts and principles; and problems of administration of vocational schools and of courses of study and instruction in vocational subject. * * * (20 U. S. C. 17, sec. 6 of the act of February 23, 1917; 39 Stat. 932).

FOOD AND DRUG ADMINISTRATION

(a) The [Federal Security] Administrator shall cause to be published from time to time reports summarizing all judgments, decrees, and court orders which have been rendered under this act [Federal Food, Drug, and Cosmetic Act], including the nature of the charge and the disposition thereof.

(b) The [Federal Security] Administrator may also cause to be disseminated information regarding food, drugs, devices, or cosmetics in situations involving, in the opinion of the Administrator, imminent danger to health or gross deception of the consumer. Nothing in this section shall be construed to prohibit the Administrator from collecting, reporting, and illustrating the results of the investigations of the Agency (21 U. S. C. 375, sec. 705 of the Federal Food, Drug, and Cosmetic Act, act of June 25, 1938, 52 Stat. 1057).

(c) For the enforcement of his functions under [the Federal Caustic Poison Act] the [Federal Security Administrator] is authorized * * * (5) To give notice, by publication, in such manner as [he] may by regulation prescribe, of the judgment of the court in any case under the provisions of this [act] (15 U. S. C. 409, sec. 9 of the act of March 4, 1927, 44 Stat. 1409). (These functions, formerly vested in the Secretary of Agriculture, were transferred to the Federal Security Administrator and the Federal Security Agency by Reorganization Plan No. IV, effective June 30, 1940.)

SOCIAL SECURITY ADMINISTRATION

The [Social Security] Board shall * * * have the duty of studying and making recommendations as to the most effective methods of providing economic security through social insurance, and as to legislation and matters of administrative policy concerning old-age pensions, unemployment compensation, and related subjects (42 U. S. C. 902, Social Security Act; Act of August 14, 1935, 49 Stat. 636, sec. 702). (The functions of the Social Security Board were transferred by Reorganization Plan No. 2 of 1946, effective July 16, 1946, to the Federal Security Administrator.)

Further authorization pertinent to the dissemination of information on social security is provided by decisions of the Comptroller General, which indicate the General Accounting Office will not object to expenditures for informational services where the functions and duties of the Agency, by necessary implications, require the dissemination of information. For a summary of such decisions, see page 4.

CHILDREN'S BUREAU, SOCIAL SECURITY ADMINISTRATION

The [Children's] Bureau shall investigate and report * * * upon all matters pertaining to the welfare of children and child life among all classes of our people, and shall especially investigate the questions of infant mortality, the birth rate, orphanage, juvenile courts, desertion, dangerous occupations, accidents and diseases of children, employment legislation affecting children in the several States and Territories. * * * The [Federal Security Administration] may from time to time publish the results of these investigations (sec. 2 of the act of April 9, 1912, 37 Stat. 79, 29 U. S. C. 18a). (This function, formerly vested in the Chief of the Children's Bureau, was transferred to the Federal Security Administrator by Reorganization Plan No. 2 of 1946, July 16, 1946.)

OFFICE OF VOCATIONAL REHABILITATION

The information program of the Office of Vocational Rehabilitation was established pursuant to recommendations of the Subcommittee on Aid to the Physically Handicapped of the House Labor Committee.

During hearings in November 1944, Chairman Augustine B. Kelley asked: "How does a person who wants to be rehabilitated or wants vocational rehabilitation * * * know there is such service available? * * * Individuals write in and ask the committee what help they can get. * * * Some way of disseminating information seems to be needed."

Mr. Barker, of the committee, then suggested that: "* * * there is a great need for some central agency to disseminate the information, and I am wondering whether you don't feel that your agency could do that * * * I

wonder if you would prepare an estimate of what additional funds would be needed to make a beginning * * *

An estimate for information service was prepared and submitted by the Office of Vocational Rehabilitation, and funds were appropriated.

The subcommittee, in its final report, issued in November 1946, reaffirmed its insistence upon the need for public information on this program:

"A program of public education about physical disabilities, the physically handicapped, and their problems, should be a duty of this agency (OVR). It should be responsible for an information service to the physically handicapped, and to the persons who serve them professionally or privately. The Office of Vocational Rehabilitation makes a genuine contribution to the disabled now, but the contribution is entirely out of proportion to the demand which would result from its being widely advertised. * * * The physically handicapped everywhere in the country must know of it and how to make use of its services. The general public needs to be educated to accept the physically handicapped worker. The employer needs to be told of his abilities, his record of attendance to duty, his loyalty, his low-accident rates, and his excellent production record. Unions should be supplied with information, and their cooperation sought by the agencies of the Government whose task it is to secure employment opportunities for the physically handicapped."

DECISIONS OF THE COMPTROLLER GENERAL RELATIVE TO THE DISSEMINATION OF
PUBLIC INSTRUCTION AND INFORMATION

Summary of a Memorandum Prepared by the Office of the General Counsel,
Federal Security Agency, May 3, 1945

Apart from the prohibition against the use of appropriated funds for compensating "publicity experts" unless specifically appropriated for that purpose (act of October 22, 1913, 5 U. S. C. 54, 38 Stat. 212) we have been unable to find any express statutory prohibition against the expenditure of appropriated moneys for informational or educational purposes, except as would be necessarily implied from section 3678, Revised Statutes (31 U. S. C. 628), which provides:

"Except as otherwise provided by law, sums appropriated for the various branches of expenditure in the public service shall be applied solely to the objects for which they are respectively made, and for no others."

The specific inhibition against the employment of publicity experts would not appear to present a problem for the Social Security Board inasmuch as the informational service and the personnel engaged in its activities are not doing publicity work, but instead are engaged in what constitutes a legitimate disseminating of information about the Social Security Act. (See hearings before subcommittee of House Appropriations Committee, in connection with the first deficiency appropriation bill, 1936, pp. 1347, et seq.)

Both Congress and the General Accounting Office, by permitting the continuance of otherwise legitimate informational services, have impliedly recognized the propriety of such expenditures notwithstanding the provisions of the act of October 22, 1913.

Nor does the limitation on the use of appropriated funds contained in Section 3678, Revised Statutes, appear to prevent the use of an appropriation made for administrative expenses for such activity if deemed necessary for the operation of the program.

In addition to construing statutory language authorizing an executive department or agency to "disseminate information" or "to make public * * * information" as authority for types of expenditures administratively found necessary for such purposes (4 Comp. Gen. 457; 16 Comp. Gen. 53; Decision No. A-82749, dated January 7, 1939), the Comptroller General has ruled that if, in the absence of such statutory authorization, congressional intent or approval of such activity may be inferred from a legislative history, no objections to expenditures administratively found necessary would be raised by his office. Decision Nos. B-38153, dated November 24, 1943; B-29933, dated November 21, 1942. Similarly, where the functions and duties vested by law in a department or agency by "necessary implication" authorize or require dissemination of information so that the service is a reasonably necessary adjunct to the department or agency's authorized activities, the use of an appropriation for administrative expenses for such informational service, administratively found necessary, may be proper. (See Comp. Gen. 18 978, 979.)

Specifically, the Comptroller General has recognized that the dissemination of information regarding the purposes and scope of a new Federal statute to in-

terested citizens may be regarded as an expense of administering the act, the reasonable cost of which would constitute a proper charge against funds made available for its administration (14 Comp. Gen. 427) re formation of Federal credit unions.

In Decision No. B-27142, July 15, 1942, the Comptroller General interposed no objection to the dissemination of information by the Wage and Hour Division since a submittal by the Secretary of Labor showed it had been administratively determined that such dissemination was essential to the administrative duties and functions conferred on the Administrator by statute "in that employers and employees must be informed regarding coverage under the act not only in accordance with the original provisions of the act but also was wage orders, court decisions, new regulations, etc., affect the interpretation of the statute's provisions."

In the case of the Social Security Act administrative judgment as to the need for an informational service, and the character of such service, appears to meet the tests indicated by the decisions of the Comptroller General and have received the acquiescence, if not the express affirmation, of the Congress.

At the hearing before the House Appropriation Committee in connection with the first deficiency appropriation bill for 1936, it was stated that:

"The function of the Social Security Informational Service is to meet the need for information and understanding of the act on the part of the general public and particularly on the part of the millions of employees and employers directly affected. It is our feeling that successful administration of the act requires the broadest possible understanding of it. The major purpose of the Informational Service will be to bring about that understanding. The Informational Service will furnish information about the Social Security Act, about methods of its administration, about administrative and legislative acts of the States as they affect administration of the Federal Social Security Act."

There is no reason to believe that Congress disagreed with this rationale and explanation of the need for an informational service in the proper administration of the Social Security Act. The assumption that authority for such service is extant in Social Security administration is supported particularly by the fact that the item of salaries, including the salaries for the informational service, are submitted and appropriated for as a distinct item.

NATIONAL LABOR RELATIONS BOARD

STATEMENTS OF PAUL M. HERZOG, CHAIRMAN; JOHN M. HOUSTON, MEMBER; JAMES J. REYNOLDS, MEMBER; DONN N. BENT, EXECUTIVE SECRETARY; IRVING K. FOX, ASSISTANT EXECUTIVE SECRETARY; AND BEN POSNER, BUDGET OFFICER, OF THE NATIONAL LABOR RELATIONS BOARD

STANDARD CLASSIFICATION SCHEDULES

Senator KNOWLAND. Next is the National Labor Relations Board. Mr. Herzog, you may proceed.

(The standard classification schedules are as follows:)

National Labor Relations Board

Appropriation titles	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 estimate compared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
Salaries, NLRB.....	¹ \$3,403,400	\$6,157,000	\$3,063,100	+\$2,753,600	-\$3,093,900
Miscellaneous expenses, NLRB.....	895,000	1,383,000	805,500	+488,000	-577,500
Printing and binding, NLRB.....	163,000	419,300	146,700	+256,300	-272,600
Penalty mail costs, NLRB.....	20,500	24,700	18,400	+4,200	-6,300
Grand total.....	4,481,900	7,984,000	4,033,700	+3,502,100	-3,950,300

¹ Includes \$412,400 excess of obligations over appropriations due to Public Law 390.

SALARIES

(The standard classification schedule is as follows:)

Salaries, National Labor Relations Board

Standard classification	Estimate, 1947 ¹	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 estimate compared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
01 Personal services:					
Field.....	\$1,847,722	\$3,426,262	\$1,632,950	+\$1,578,540	-\$1,793,312
Departmental.....	1,555,678	2,730,738	1,430,150	+1,175,060	-1,300,588
Total appropriation or esti- mate.....	1 3,403,400	6,157,000	3,063,100	+2,753,600	-3,093,900

¹ Includes \$412,400 excess of obligations over appropriation due to Public Law 390, Federal Employees Pay Act of 1946.

MISCELLANEOUS EXPENSE

(The standard classification schedule is as follows:)

Miscellaneous expenses, National Labor Relations Board

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 estimate compared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
02 Travel.....	\$440,230	\$695,332	\$396,207	+\$255,102	-\$299,125
03 Transportation of things.....	16,627	15,708	14,964	-919	-744
04 Communications.....	118,680	162,398	106,812	+43,718	-55,586
05 Rents and utility services.....	176,800	207,019	159,120	+30,219	-47,899
07 Other contractual services.....	87,591	180,535	78,832	+92,944	-101,703
08 Supplies and materials.....	40,072	66,722	36,065	+26,650	-30,657
09 Equipment.....	15,000	55,286	13,500	+40,286	-41,786
Total appropriation or estimate	895,000	1,383,000	805,500	+488,000	-577,500

PENALTY MAIL

(The standard classification schedule is as follows:)

Penalty mail, National Labor Relations Board

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 estimate compared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
04 Payment for penalty mail.....	\$20,500	\$24,700	\$18,400	+\$4,200	-\$6,300
Total appropriation or estimate..	20,500	24,700	18,400	+4,200	-6,300

PRINTING AND BINDING

(The standard classification schedule is as follows:)

Printing and binding, National Labor Relations Board

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 estimate compared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
06 Printing and binding.....	\$163,000	\$419,300	\$146,700	+\$256,300	-\$272,600
Total appropriation or estimate..	163,000	419,300	146,700	+256,300	-272,600

Mr. HERZOG. Mr. Chairman and members of the committee, the Board has selected me as its spokesman in this matter, but I have no doubt that my two colleagues will want to add to what I say or to answer questions, or possibly to correct some of my statements.

Mr. Houston is a former members of the House Appropriations Committee and is particularly expert in these matters.

Mr. Reynolds, coming out of private industry within the past few months via the Navy, is particularly well equipped to appraise the question of the expenditure of funds.

I hope, therefore, you will not rely entirely upon what I may say individually.

I am afraid, Mr. Chairman, I am not going to be able to agree with the preceding witness, who had the unique distinction of urging that the cut recommended by Mr. Keefe's committee be maintained by this committee.

FEDERAL EXPENDITURES

Senator McKELLAR. Let me ask you this over-all question: Do you not think the United States Government, owing as it does \$260,000,000,000, in round numbers, and spending more than it receives, ought to get on a self-sustaining basis and collect enough money to pay our Government expenses month by month and year by year, as we go along, and at the same time begin the payment on this enormous debt, which is the largest debt that any government has had on the face of the earth?

Do you not think we ought to get back to that as near as possible?

Mr. HERZOG. Senator McKellar, as a citizen and particularly as a taxpayer, I cannot question for a moment the validity of your statement.

The difficulty is that I appear before this committee, as do my colleagues, as sworn public officials obliged to do our duty as we see it best.

I think that as we proceed with this statement, you will see that we think it is our obligation to tell you why the job which we are assigned to do cannot be done without our having more funds.

If we are wrong, of course, you will tell us so.

Senator McKELLAR. All right, sir; go ahead.

Mr. HERZOG. Thank you. I did want to say, Mr. Chairman, that although we cannot agree with Mr. Korb, we were very happy to note that this Board was not included among the agencies he listed as having brought pressure on this committee through outsiders to induce it to make any restoration of House funds.

We are here, gentlemen, to present facts to you and to answer questions. I am going to try as far as possible not to argue any of these issues, in the earnest hope, at least, that facts will argue for us.

TWO TYPES OF CASES

The first fact, to which I would like to call the attention of the committee at the outset, and which I will allude to again later, is this: The Board has, as you know, two types of cases that come before it: representation cases, which are requests for elections where there is a controversy as to which union represents the employees; and the second type, of unfair labor-practice cases.

TIME REQUIRED FOR CASES

As of April 1947, any request for an election filed today and not agreed upon by all parties could not, on an average, be terminated by an election and certification for 7 months, or until the end of 1947.

If a charge of unfair labor practice were filed tomorrow and it could not be settled or adjusted or withdrawn in the field, this Board could not issue a final decision in the case, unless a special preference were given, for 19 or 20 months. That means November 1948, which is a long way off.

PERCENTAGE OF CASES DISPOSED OF IN FIELD

Of course, in order to be candid about it, I should say that about 85 percent of the Board's cases are disposed of in the field. But it is the tough ones—the ones which cannot be adjusted—which have to be handled in Washington and which will take this 7- or 20-months period.

I may have to get back to those figures again, but I wanted to point out to the committee at the outset why we are here and why we think we need some more money.

EFFECT OF HOUSE REDUCTION

The Board believes that the real issue here is whether or not the National Labor Relations Act is to be permitted to be an effective instrument during the 12 months that start on July 1, 1947.

I think that we have to tell you, in order to be honest with the committee, that we do not believe that the act can be made effective unless a substantial amount, if not all, of the House cuts are restored. We just do not see how we can administer the act in fiscal year 1948 without much larger personnel.

We think that if the committee believes that the figures I gave you a few minutes ago—20 months for one type of case and 7 for another—are correct figures; if you think we should maintain those

figures of 7 and 20, you should not restore any of the money the House cut us. But if you believe that those figures of 7 months and 20 months should be reduced, the cut should be restored to the extent the committee thinks proper.

We believe the President's estimate is correct.

NATIONAL LABOR RELATIONS ACT

I think it is fair, in analyzing the statement of the House committee—and particularly page 38 thereof—to say that the recommendation of the committee was based in part upon the feeling of some members of the House subcommittee that the National Labor Relations Act was not a wise statute.

The House committee states frankly that that issue came up in its deliberations. It says that the Board was not refused all appropriations, despite the feeling of some committee members that it should have been because the act had not been contributing to industrial peace.

I believe one does not have to read between the lines of that report to see that that committee thought—at least, taking its impression as a composite group—that the act might not be a good act, and the way to handle the problem was to give the Board less money.

From what I read in the newspapers, the act is undergoing rather careful scrutiny in the Senate and in the House. The Board has expressed its views on that before other committees and certainly will not do so here.

We think that if the act should be amended, it should be amended. We doubt whether it is wise to handle the problem by reducing appropriations, because we think then it really would be impossible to do the job we were assigned to do.

PURPOSE OF ACT IS TO REDUCE INDUSTRIAL STRIFE

That job, as Congress stated it in 1935, is to reduce industrial strife as it comes from certain causes, and I underscore the word "certain" by furnishing a peaceful alternative through an administrative agency.

DECREASE IN NUMBER OF STRIKES

We think the figures show, and we will cite them if you wish, that strikes from the causes which the Wagner Act was passed to prevent have dropped very substantially in the 10-year period.

I will give you one figure which comes from the Bureau of Labor Statistics. There are others available in our report on legislation which was filed with the Senate Committee on Labor and Public Welfare.

DECREASE IN MAN-DAYS LOST

Man-days lost over so-called organizational issues, which are the only ones we are supposed to handle, were 76 percent of the total in 1937. They were down to 29 percent of the total in 1945, which is the last year, unfortunately, in which we have final figures.

Senator KNOWLAND. Could you give them to us by years?

Mr. HERZOG. From year to year, Senator?

Senator KNOWLAND. Yes.

Mr. HERZOG. I have not got them here, myself, in that form. It may be that someone else can give you that.

Senator KNOWLAND. As a matter of fact, however, could not part of that be attributed to the wartime period when there was a normal, natural feeling on the part of both labor and management that the great effort of winning the war would cause fewer disputes to come up during warime?

Mr. HERZOG. I think that is quite possible. We will get those figures, and file them later, if we may.

(The information is as follows:)

Percentage comparison organizational strikers to total strikers, 1937-1946

Calendar year	Number of strikers	Man-days idleness	Calendar year	Number of strikers	Man-days idleness
	<i>Percent</i>	<i>Percent</i>		<i>Percent</i>	<i>Percent</i>
1937.....	60	76	1942.....	22	35
1938.....	32	44	1943.....	11	6
1939.....	54	75	1944.....	19	23
1940.....	33	41	1945.....	22	29
1941.....	31	44	1946.....	18	(2)

¹ Data available for only first 6 months of 1946.

² Data unavailable.

Source: U. S. Bureau of Labor Statistics.

TYPE OF STRIKES SINCE VJ-DAY

Mr. HERZOG. I will say this: The Labor Department advised us that of the 42 largest postwar strikes after VJ-day, only one twentieth of 1 percent of the total items involved arose over the sort of issues which the National Labor Relations Board is supposed to handle. Only one-twentieth of 1 percent of that item came from strikes due to alleged discrimination, to alleged refusals of employers to bargain, and strikes which we are avoiding, we think, by holding elections by secret ballots. Most of the postwar strikes have been on wage issues, and those are none of our business.

The Board has been anxious to be candid with this committee, and, therefore, I should tell you frankly that some of the figures which appear in our justification statement, which was filed a few days ago, have changed in the interim.

They have not all changed to the advantage of the Board's request. However, I should point out that they leave the essence of the Board's request intact.

I think the committee should know, as I go through some other figures, that they are not in line entirely with those which appear in the mimeographed statement, which, I assume the committee members have before them today. They still leave the need very great, but they change it a little bit.

Briefly, we seek a restoration of the cuts under H. R. 2700, and particularly the cut in the salary item. The rest follows as the night the day.

TOTAL BUDGET ESTIMATES AND HOUSE ACTION

The President's estimate for 1948 was \$7,984,000. The House appropriated \$4,033,700. In order to give you the complete picture, I should say that our budget for this year, assuming still the undetermined fact that we get some money for the Pay Act costs, will be \$4,481,900.

PERCENTAGE OF HOUSE REDUCTION

The impact of the House cuts, therefore, is a cut of about 48 percent in the President's estimate, and a cut of about 10 percent below what the Board is operating under in fiscal 1947.

BOARD'S REQUEST OF BUDGET BUREAU

Senator KNOWLAND. What did the Board request of the Director of the Budget prior to his screening?

Mr. HERZOG. Even more, Senator, a little over \$10,000,000. So they first cut us about 23 percent, I think.

Now, let me tell you what the impact of this cut would be.

APPROPRIATIONS, FISCAL YEAR 1947

Senator McKELLAR. How much did you have last year?

Mr. HERZOG. The current year, Senator?

Senator McKELLAR. Yes, sir.

Mr. HERZOG. We have at the moment \$4,069,500, but we are hoping to receive from the House and Senate enough to pay for the pay act costs under Public Law 390, which will bring the total this year to \$4,481,900. That is pending at the moment before Congressman Taber's committee in the House.

PRESENT PERSONNEL

Let me indicate what this cut would force the Board to do in terms of staff. On July 1, 1946, the Board had approximately 990 employees, and about 55 percent of these have been in the field offices as a general thing.

The Congress gave us less money for fiscal 1947 than we requested, and in order to meet that situation we began to taper down the staff almost immediately.

The staff today is at a figure of about 720 as against 990, 10 months ago. That is about a 25-percent cut.

REDUCTION IN PERSONNEL UNDER HOUSE CUT

If the House figure is permitted to remain, we will have to cut the staff still further to a figure of approximately 685.

That does not seem like very much of a reduction from today, I will confess, but it is a terrific reduction from what we had a year ago in the light of incoming case load, which is the thing I will emphasize to the committee in a moment.

PERSONNEL COMPARED WITH 1943

Let me also point out that we had approximately the same average number of employees in fiscal 1943. We had 851 on average that year, and taking the present fiscal year on average it comes to about 834, as we had to taper down from 990 to the present 720. But in fiscal 1943 we only had 9,500 cases filed with the Board. In fiscal 1947, with the same size staff, and still less today, we will have had approximately 16,000, judging from present calculations.

This means, gentlemen, that we have already taken a 25-percent cut in personnel in 1947, at the very time when the incoming case load is up almost 50 per cent over the corresponding 9 months of the preceding fiscal year.

IMPORTANCE OF CASES

Senator McKELLAR. How about the importance of the cases, the difficulty of the cases?

Mr. HERZOG. I think the importance of them, Senator, is a difficult thing to appraise, because the cases are always important to the employers and the employees involved.

Senator McKELLAR. How much time would it take to dispose of them? I happen to be a lawyer, and have been for quite a while in my life. You could dispose of certain classes of cases very rapidly and very easily, whereas others take a long time and are more difficult.

Mr. HERZOG. I would say this: The difficulty of the cases has continued at about the same level, over-all. There are some people who say that they have gotten a little more difficult lately, because unfair labor cases have gone up. I do not want to rest on that argument because I think they are really about the same.

As I said before, we do get rid of 85 percent of them by adjustment or withdrawal in the field, but the 15 percent which get into Washington have to be decided in some way and are probably just as hard as they ever were.

Some of the legal questions are tougher than they were before. As legal doctrines become more and more elaborate, the questions become harder and harder for the adjudicating body to determine. You do not have much black and white any more in these situations. The number of cases that are gray is overwhelming.

NUMBER OF LAWYERS

Senator McKELLAR. How many lawyers have you in the 720 employees?

Mr. HERZOG. At the present, Senator McKellar, I would say approximately 155 to 160. Some of those are in Washington, and some are in the field.

REGIONAL OFFICES

Senator KNOWLAND. Do you have your regional offices throughout the country?

Mr. HERZOG. Yes. We have 19, and a few subregional offices in those large regions where it saves money not to have so much travel.

We have altogether about 25, including the subregions.

Senator KNOWLAND. Will you furnish for the committee where those offices are located?

Mr. HERZOG. We certainly will.

(The information is as follows:)

LOCATION OF REGIONAL AND SUBREGIONAL OFFICES OF THE NATIONAL LABOR
RELATIONS BOARD

Boston, Mass.	St. Louis, Mo.
New York, N. Y.	New Orleans, La.
Buffalo, N. Y.	Subregion: Memphis, Tenn.
Philadelphia, Pa.	Fort Worth, Tex.
Baltimore, Md.	Subregion: El Paso, Tex.
Subregion: Winston-Salem, N. C.	Kansas City, Mo.
Pittsburgh, Pa.	Subregion: Denver, Colo.
Detroit, Mich.	Minneapolis, Minn.
Cleveland, Ohio	Seattle, Wash.
Cincinnati, Ohio	Subregion: Portland, Oreg.
Subregion: Indianapolis, Ind.	San Francisco, Calif.
Atlanta, Ga.	Los Angeles, Calif.
Chicago, Ill.	Honolulu, T. H.
Subregion: Milwaukee, Wis.	

In Puerto Rico, the Puerto Rico Labor Relations Board acts as an agent of the National Labor Relations Board.

INCREASE IN CASE LOAD

Mr. HERZOG. As I was saying, the really difficult problem is this: That our staff has gone down as our incoming case load has gone up. The case load has gone up 50 percent over what it was in the corresponding 9-month period in fiscal year 1946, running right down through March 31.

This is one of the examples where there is a difference between what I am telling you and what appears in the statement we filed, because of the intervening circumstances. The reason for the difference is: March 1946 was the first of a series of extremely high months. The result is that the difference between March 1946 and March 1947 is not as great as the difference between February 1946 and February 1947. However, March 1947, in absolute terms, is just about as bad as March 1946 was.

I think the main thing to show the committee is the thing that worries us most. That is what we normally call the backlog. The backlog, which, I assume, is a word you have heard too often here, is simply the number of unprocessed, unhandled cases.

EFFECT OF UNHANDLED CASES

The tragedy of an unhandled case is pretty great in any field, but it is particularly great where you are dealing with labor relations. People get excited in labor cases. The longer you take to decide a case or to settle it, the harder it gets, the more expensive it gets to try to do something about it from the Government angle, and the less friendly the ultimate decision or adjustment is likely to turn out to be.

INCREASE IN UNPROCESSED CASES

Here is the story on our growth of unprocessed cases: I am ashamed, as Chairman of the Board, to tell you that during my 21 months in office it has gone up about 65 or 70 percent, but I will only give you the figures of more recent date.

In April 1946 it was 4,075. At the beginning of this fiscal year, July 1, it was 4,600. On January 1, 1947, it was 5,065. On April 1, 1947, it was 5,425.

That represents, comparing April 1, 1946, with April 1, 1947, an increase of 33 percent in this backlog.

We made two charts, gentlemen, to show you what the situation is. The first is a bar chart, which we hope will show the committee what has happened to this backlog, which we also call cases pending. These lines here begin with January 1, 1946, half way through the last fiscal year, and they show a steady rise in this backlog to a figure on January 1, 1947, of 5,065, which is just what is supposed to be shown here.

The present line, which we put out in the margin after preparing the original chart, in order to give the committee all the facts, is supposed to be at the 5,425 figure. I think that whoever made the chart here did not show the lines sufficiently high, but I am rather glad of that. The last thing we want is a reputation for exaggeration.

In any case, the line is still going up.

OLDEST CASES ON THE DOCKET

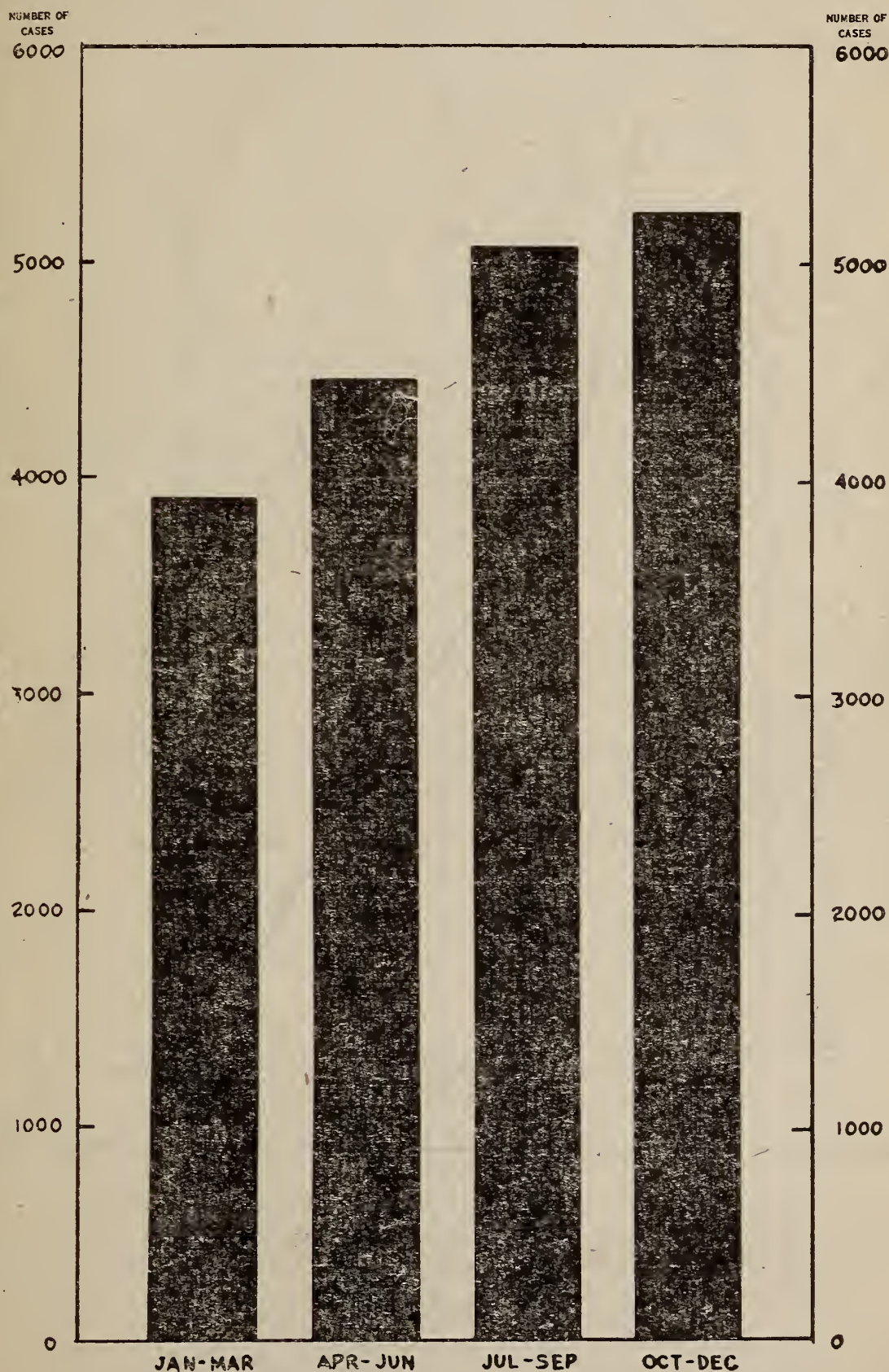
Mr. BENT. The slight difference in the figures arises since the charts show the average backlog for a quarterly period rather than the specific backlog at the end of the quarter.

(The charts referred to follow:)

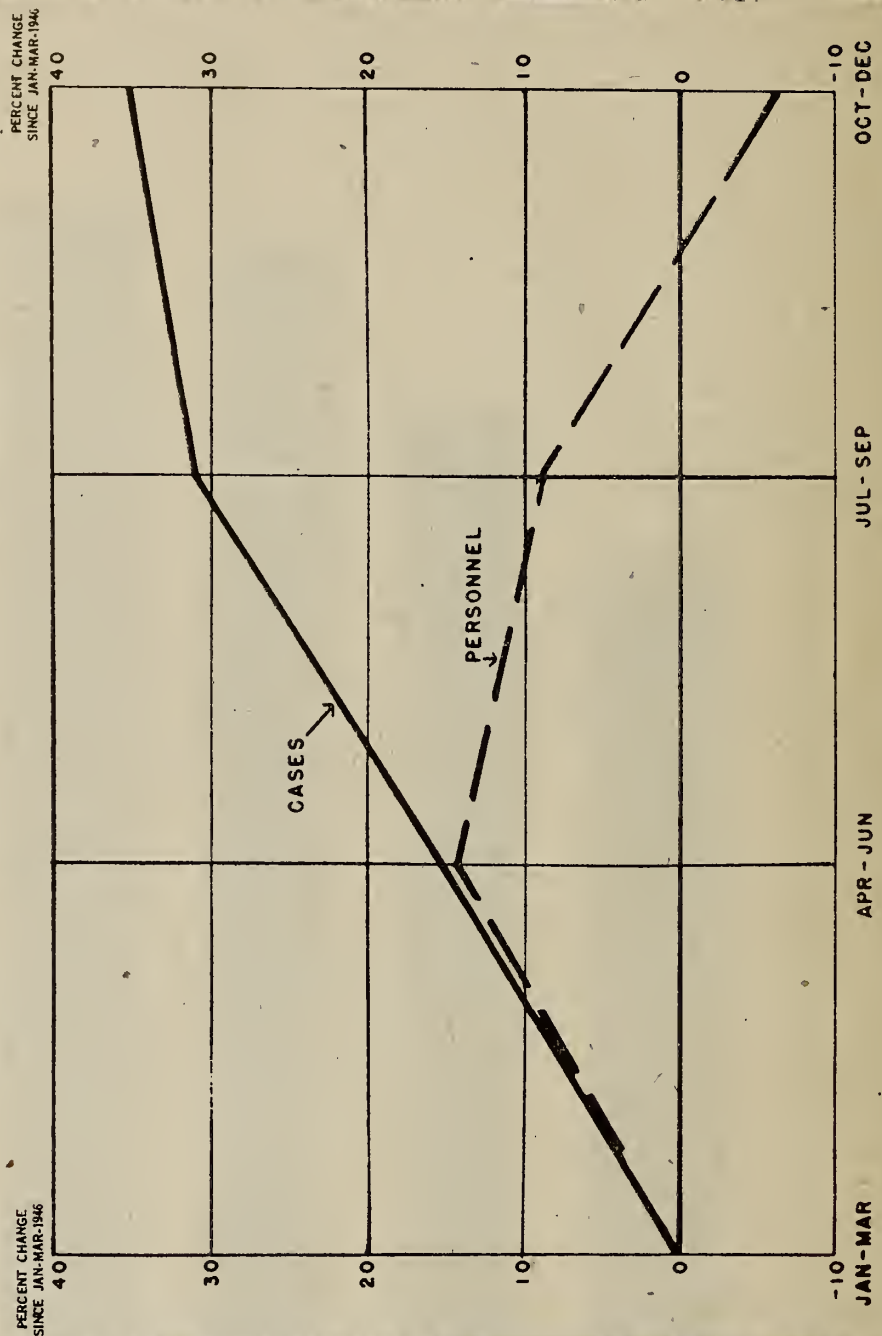
NATIONAL LABOR RELATIONS BOARD

CASES PENDING

QUARTERLY AVERAGE, JANUARY 1-DECEMBER 31, 1946



NATIONAL LABOR RELATIONS BOARD
CASES PENDING AND TOTAL PERSONNEL
QUARTERLY AVERAGE, JANUARY 1-DECEMBER 31, 1946



Senator KNOWLAND. Of those backlog cases, how old are your oldest cases?

Mr. HERZOG. I cannot answer that right off, Senator. I should think we would probably have a few that go back several years, but they are cases that are snarled up for some reason. It would not be fair to rely on those. I should think the average age of an unfair labor practice case today is 16 to 18 months. The 20-month figure which I gave before relates to what is happening on new ones.

The average age of a representation case today is probably about 5 months. About three-quarters of our cases are such election cases.

BACKLOG OF CASES COMPARED WITH PERSONNEL

This second chart, which is a line chart, is intended to show the committee what has happened to our backlog of pending cases as compared to what has happened to our personnel.

We have taken as a base January 1946, and that is zero. It shows, on the red line, this backlog of pending cases to be up at this point today to about 33 percent, which is the figure I gave you before. The chart was completed before we got our April 1 figures, but the trend shown by this line, which ends at about 35 percent, has continued just about straight out. So today it is 33.

Comparing that, however, with the blue line as to our personnel, you will find that that has dropped below the zero and is actually lower than it was on the date we selected for starting. The lines start to diverge on about July 1, 1947.

NUMBER OF UNDISPOSED CASES

Senator McKELLAR. How many cases have you got undisposed today?

Mr. HERZOG. 5,425.

Senator McKELLAR. And how many a year ago?

Mr. HERZOG. 4,075, Senator. That is where we get the 33 percent figure.

INCREASE IN EFFICIENCY

I would like to say, and I say it in explaining and emphatically not boastfully, that the Board's efficiency during this period has gone up. We have handled more cases per case filed than ever before in the Board's history.

As a matter of fact, the House committee last year commended the Board for the beginning of that trend.

All it means is that, although we have closed more cases proportionately than ever before, the intake is keeping ahead of us. We cannot keep up with it.

I think the time comes when you just cannot process cases too quickly without adequate personnel, unless you want to deny people fair hearings, deny due process, or do such a slovenly job that it will not stick. And that is something the members of this Board would not want to stand back of.

I think we have gotten to that point today. I doubt whether we can go very much further in increasing efficiency of operations. I will say, however, that we are not giving up on that score.

STUDY OF ADMINISTRATIVE SET-UP

At the suggestion of my colleague, Mr. Reynolds, last fall we asked the Bureau of the Budget to send in a couple of its engineering experts to do a study of the Board's entire administrative set-up. They are still working, and we think we will get a report from them in about 2 or 3 weeks. They have made an incisive study which was started in January.

I have no doubt that a few sacred cows will be hurt in the process. It has not been done before, and it may be that it will further increase our efficiency.

TIME DEVOTED TO JUDICIAL AND ENFORCEMENT ACTIVITIES

Senator KNOWLAND. How much of the time of the Board is devoted to their judicial capacity in hearing cases, and how much to the enforcement activities?

Mr. HERZOG. Are you speaking of the Board members themselves, the three of us, or the agency as a whole?

Senator KNOWLAND. The Board members and the agency.

Mr. HERZOG. I would say that the three of us lead a rather schizophrenic life. Sometimes it is one thing, and sometimes it is the other. My guess would be, and my colleagues may want to correct it, about 60 percent of the members' own time is devoted to the quasi-judicial functions. The rest of it goes to the broader consideration of policy and these administrative problems that are plaguing us continually. That is a rough approximation.

Mr. HOUSTON. I would say 75-25 is more accurate. We have oral argument twice a week, two on Tuesday and two on Thursday. We postponed two today until this afternoon. Then we have the complaint cases that are argued. The members of the Board must follow every one of those cases, all the briefs and everything connected with the case.

Then we have representation cases which are not ordinarily argued before the Board.

NUMBER OF CASES ARGUED BEFORE BOARD

Senator McKELLAR. How many cases are argued before the Board?

Mr. HOUSTON. The complaint cases, generally speaking, unfair-labor-practice cases.

Senator McKELLAR. I know, but I say how many?

Mr. HOUSTON. We have two scheduled for Tuesday and two for Thursday.

Senator McKELLAR. How many are there in the whole year around?

Mr. HOUSTON. I should judge 150.

Senator McKELLAR. One hundred and fifty.

Mr. HERZOG. I think probably, Senator, that I get a little bit more of the administrative stuff in my office than my colleagues do. That very likely accounts for the slight difference between Mr. Houston's statement and my own. I am sure he is correct.

Senator McKELLAR. Going back to my early days when I was practicing before the Supreme Court, our Supreme Court passed on many more than 150 cases.

Mr. HERZOG. The Board passes on many more than 150 cases.

Senator McKELLAR. I am talking about arguments.

Mr. HERZOG. This is a handful of the total.

Senator McKELLAR. I am talking about arguments.

Mr. HERZOG. I realize that.

Senator McKELLAR. I imagine it was at least three times that many.

Mr. HERZOG. If we heard argument in every case as the Supreme Court does, except on denials of certiorari, we would never get finished.

NUMBER OF CASES HANDLED PER WEEK

Senator McKELLAR. How many decisions do you have a week?

Mr. HERZOG. I think the Board issues about 50 decisions a week. We can give you the exact figures if you would like them.

Senator McKELLAR. I wish you would.

Mr. HERZOG. That would be my guess. The great number of them are decided without oral argument. The parties do not request it, and in many cases the issues would not justify our taking the time to hear them.

(The information referred to is as follows:)

For the past 20 months the Board has issued an average of about 35 decisions a week.

FEDERAL EXPENDITURES

Senator McKELLAR. Although I can appreciate your position, as I told a number of the witnesses, I am a great believer in our getting back to normal conditions. I think we ought to spend no more money than we collect each year, and in addition to that we ought to collect enough to pay something on this enormous debt of ours.

I think the sooner we get back to it, the better we will be; and we can, of course, all of us, Senators, Congressmen, judges, boards, and all, should be willing to do a little more work in getting back to normal as soon as possible, to get back to paying some of this enormous debt. There never was such a debt before. That debt, in my judgment, is the most outstanding trouble that this Government has.

Mr. HERZOG. I am very glad that Senator McKellar made reference to the courts. I think I should say that some aspects of the Board's work are similar to the problems that the courts are faced with. Courts do not have much control over their intake. Plaintiffs file suits, and the courts have to hear them, unless defendants fold up.

NEED TO HANDLE CASES

The same thing is true of the Board. If the cases come in, there is nothing we can do except handle them.

We try to handle most of them quickly. Some of them are frivolous, and they are disposed of quickly in the regions. But you cannot treat something so casually that you refuse to look at it at all.

No case is counted by the National Labor Relations Board for statistical purpose; unless a sworn charge or sworn petition for an election is charged. If somebody calls up the office and asks for advice in the region, that is not marked down as a case for the Board. Somebody has to swear to something before we count it.

CASES HANDLED THIS YEAR

Mr. BENT. During the first 8 months of this year, the Board issued 1,152 decisions. That is an average of 144 a month.

Senator McKELLAR. How many?

Mr. BENT. 1,152; that is an average of 144 a month.

Senator McKELLAR. How many of those were argued?

Mr. HERZOG. Of those, Senator, I would agree with Mr. Houston's approximation that about 150 of those cases were heard by the Board members in Washington. The rest take a good deal of time and, of course, the time of the staff required to process them is not reduced one iota merely because of the three members not hearing oral argument. It still takes everybody else just as long.

The suggestion was once made by the chairman of the subcommittee in the House that one reason the Board ought not to have too much money is because the more money we have, the more cases we will get, and a vicious circle would be created if more appropriations were granted.

As a matter of fact, it did not turn out that way. We went over that last year in the House, and we respectfully questioned the premise. I think our questioning of the premise was justified. In this past year, after our budget was cut, we got 48 percent more cases than we had ever had before. I do not think the theory that the more you give the Board the more people run to us is a sound theory.

EFFECT OF NOT DECIDING ON CASES

We talked a little bit about handling cases, and I think I will mention one point right here. The reason we are so worried about this backlog situation is simply this: If the Board cannot process its cases quickly, these strikes over organizational issues are going to revive again.

I do not think that we can conscientiously ask employees or labor organizations not to use the weapon of self-help if we must tell them that they have to wait 7 to 20 months to have their cases processed.

The result is that there is a very real danger that strikes from these causes will revive again. That seems to me only a logical result to expect.

I do not want to be overdramatic with figures, but there is one figure I think this committee should have presented to it.

NUMBER OF CASES PENDING IN WASHINGTON

In our files in Washington today awaiting decision are 500 cases. I think it was a little over that a couple of days ago. When I tell you how many pages of record have to be read in those 500 cases, I think you will find it difficult to believe. One hundred and seventy thousand pages of typewritten transcript are sitting here, awaiting decision.

Senator McKELLAR. How many of those were argued cases?

Mr. HERZOG. Most of them have not been argued, Senator. That is the difficulty. We cannot put them on for argument until such time as they have been examined. I assume, looking to the future, that the same proportion will apply that applied in the cases we have had in the past, probably about 150 cases annually.

Senator McKELLAR. About 75 out of 500.

Mr. HERZOG. I think that is about right, but that is only a guess. They still have to be worked over by the Board and by the staff members in Washington, and we cannot put anybody on most of these records until 3 months after they arrive.

The real difficulty is not in how long it takes a man to analyze each, but how much time is wasted while the case is waiting in the icebox and before anyone can open the front cover.

The importance of speed in these cases has been stated by many people.

STATEMENT ON NEED FOR ADEQUATE APPROPRIATION

I would like, with the committee's permission, to introduce in the record here a statement on the National Labor Relations Board appropriation which was issued at the time of the labor-management conference a year and a half ago here in Washington.

Most of you read that the labor-management people in that conference did not agree on very much, but one of the few things they did agree on was, at least so far as our election cases were concerned, that more adequate appropriations should be made available to this Board. Yet the Congress last year thought that that was a mistake, apparently, because they did not give us the added funds. We would like to put this in the record today, because it seems to us that what was true 18 months ago is even more true in April 1947.

Senator KNOWLAND. That will go in the record at this point.

Mr. HERZOG. Thank you.

I am taking it from the Congressional Record of December 7, 1945, at which time it was placed there by a Member of the Senate.

(The statement is as follows:)

[From the Congressional Record, December 7, 1945, p. 11806]

THE PRESIDENT'S LABOR-MANAGEMENT COMMITTEE

Mr. WAGNER. Mr. President, the President's Labor-Management Committee adjourned November 30. Although it is too early to appraise the results of its deliberations, I am inclined to feel that much good has been accomplished, particularly in identifying the areas of agreement and disagreement. It is greatly to be hoped that the future meetings which the conferees provided for will further reduce and clarify the remaining points of difference.

There was one point of agreement which was especially gratifying to me. It relates to the National Labor Relations Board. I am sure it will be of interest to other Senators. As reported by the New York Times on December 1, in separate reports, committees representing the labor and management delegations reported to the conference. Labor reported as follows:

"Labor is of the opinion that industrial relations will be best promoted and the functions of the National Labor Relations Board will be best performed if that agency remains an independent body.

"Labor believe that industrial strife can be lessened by prompt disposition of representation cases.

"To that end labor urges adequate financial provision for the performance of these duties of the National Labor Relations Board."

Management reported as follows:

"To the end that the National Labor Relations Board may be enabled best to perform its functions in the prompt and impartial determination of representation questions, the Board should remain as an independent agency and should be provided with adequate appropriations."

There was disagreement on other aspects of the subject under consideration, but on these two points there was obvious unanimity. Both reports say the same

thing about the National Labor Relations Board, although they use slightly different language. It is perfectly clear that the authorized spokesmen for both labor and management have agreed that the National Labor Relations Board should remain an independent agency and should be provided with adequate funds to discharge the heavy responsibilities imposed upon it by Congress.

Senator KNOWLAND. Of course, if the backlog has been developing and does result in what you feel, and probably quite properly so, would be more strike action, the economic loss to the Government will be many times the appropriation, at least meeting a reasonable appropriation figure to try and catch up on the backlog.

Mr. HERZOG. Very emphatically so, Senator. I think that is the crux of our argument, Senator. Economy at this point might not prove to be economy at all.

The problem of new legislation was mentioned before, and I said that I thought this committee would certainly not want to view the problem of our appropriations in the light of whether it liked or did not like the Wagner Act.

Senator KNOWLAND. It is out of the legislative committee, and what we are trying to do, we are vitally interested in the economy of the Government, in cutting down where we can, and expect to do so. But at the same time, I believe that power belongs to the Congress, and if they decide to change it, we can pass rescission bills if they set up some other agency.

PENDING LEGISLATION

Mr. HERZOG. That is precisely the way we were trying to present our own case. I think I might say this, since you mention the rescission bill. If the Congress and the President should ultimately enact into law bills similar to those now pending before the Senate Committee on Labor and Public Welfare, it is almost inevitable that this Board would need more funds than it has today, or even than it is now asking for 1948, rather than less funds.

You see, almost all of those bills as proposed in the Senate, as distinguished from the House, would increase the Board's functions. While it is quite clear that we cannot argue on that subject today, I think that it is only fair to tell the committee that if any of that legislation should pass we might have to come back at some later date for a supplemental, because our functions would probably enlarge tremendously.

Of course, if the House bills that are being debated today should pass, the Board would not need to ask funds for anything except a shroud.

I call attention to the footnote on page 5 of our prepared statement, which recites in rather summary fashion the methods that the Board has adopted to increase its efficiency during the past fiscal year. If any members of the committee would like to ask me about any of the short sentences in that footnote I would be very glad to elaborate upon them.

ADMINISTRATIVE COSTS

As I said before, our greatest need is for more manpower. That is the thing that the Board asks for most of all. Inevitably housekeeping costs money, and the cost of the housekeeping depends upon the size of the family. For that reason, we have had to ask for a very

substantial increase in the miscellaneous, penalty mail, and printing and binding appropriations.

I do not want to go into those in detail, unless members of the committee want to question me on them, because I think that they follow the salaries item and must stand or fall with the salaries item. That item, as you note, represents about 77 percent of the total.

AMOUNT FOR PRINTING

Senator KNOWLAND. What is your total printing item?

Mr. HERZOG. Total printing item requested, Senator, is \$419,300. That is the present estimate. It seems like a lot, but the difficulty is that we fell very far behind in printing this year because our printing estimate for fiscal 1947 was cut drastically.

Senator KNOWLAND. Do you get all your printing done through the Government Printing Office?

Mr. Fox. Practically all of it. Some of our litigation printing is done through the contracts set up by the Justice Department.

COST OF PRINTING BY GOVERNMENT PRINTING OFFICE

Senator KNOWLAND. We have had some testimony here, by some agencies yesterday, to the effect that the cost of the Government Printing Office was running roughly 50 percent greater than the cost of outside printing. What do you have on that?

Mr. Fox. We have a little evidence in this study that is being made at the present time by the Bureau of the Budget to the effect that there is a slight additional cost in briefs handled through the Government Printing Office over briefs handled by these outside contractors. But I understood there was some explanation of that, other than general efficiency.

Senator McKELLAR. What is the explanation?

Mr. Fox. I am sorry, I really do not know. I have not gone into that question.

Senator McKELLAR. Outsiders can do the business at a profit, and cheaper than we can?

Senator KNOWLAND. And pay no taxes.

Senator McKELLAR. Yes; and pay no taxes.

Senator KNOWLAND. Could you have filed with the committee for our information, a general study of the problem, as comparing costs between outside and the Government Printing Office, on printing of briefs?

Senator THOMAS. I think you will find that the major increase is due to the fact that the Government Printing Office pays higher salaries than private printing shops do.

REQUIREMENT FOR PRINTING OF RECORDS

Mr. HERZOG. The great expense on the litigation side comes not so much from the briefs, that are short, but from the requirement of the circuit court of appeals that the records be printed. The Board has a tremendous number of cases in litigation every year, and those records are sometimes very long. It mounts up terribly and the courts simply will not receive typewritten records.

SALARIES

NUMBER OF EMPLOYEES NEEDED

In our request for fiscal 1948, emphasizing again the salaries item on which the President estimated \$6,157,000, we think that to do the job that ought to be done we have to have 1,550 regular employees. I am using that figure, gentlemen, because the other figures involve a certain number of temporary people and simply confuse the grand total.

That 1,550, as it is calculated in the President's estimate of September 1946, involves 670 departmental and 880 in the field.

Senator McKELLAR. Double what the House gave you.

Mr. HERZOG. That is right. That is absolutely right, and I will not try to hide that. We are asking for an awful lot. We do not deny that we are asking for an awful lot, and that we picked the wrong year to do it. We are doing it because we cannot conscientiously do otherwise.

I would like to say this about it before I get into that figure: The Board, I suppose, like other men and other institutions, ought to be judged on its past record on prophecies. It happens that in the 18 months I know anything about we have proven conservative every time when we estimated what our future work load would be.

NUMBER OF CASES FOR 1946

In 1945, for example, we prophesied that in fiscal 1946 we would have 11,000 new cases. That is what we prophesied when we asked for a certain amount of money for fiscal 1946. Everybody said we were expecting too many and were blowing up our figures. What happened? Instead of 11,000 new cases in 1946, we had 12,260 as of June 30 of that year.

ESTIMATED NUMBER OF CASES FOR 1947

At the same time, late in 1945, when we were asked to do some guessing as to what the current fiscal year, 1947, would involve, we were foolish enough to be so conservative as to estimate 10,500 for this year. It now looks as if we will have 16,000. We have had 11,800 through March 31 of this year, which is more cases in these 9 months than in any fiscal year in the Board's history on a 12-month basis, except the last one.

This 11,800 cases through March 31, 1947, compares with a figure of approximately 8,000 as of March 31, 1946.

In June 1946 we came before the Senate Appropriations Subcommittee and asked to have the House cuts restored. It was the same story that we are telling you this year. We told the Senate committee, the subcommittee then presided over by Senator McCarran, that we thought that fiscal 1947 would reach somewhere between 14,000 and 15,000 cases. There again we were too conservative. It is going to turn out to be almost 16,000 cases.

ESTIMATED NUMBER OF CASES FOR FISCAL YEAR 1948

I mention that as background for what we have to tell you about the 1948 estimate. In September 1946 when we presented our figures to the Budget Bureau, and when they passed on them, we said that we thought that fiscal 1948 would bring about 17,000 new cases. It seems like an awful lot, and it is possible, judging from trends in the last 6 months, that we figured it a little too high. But looking over the Board's record of the past 2 years I must say that I think it is highly probable that we did not figure it too high, because we have not done that so far. That is the reason, gentlemen, that we are asking for this large number of employees for fiscal 1948.

The figure was not reached by pulling something out of the air, it was reached by our hunch, our estimate, if you prefer, as of last fall as to what fiscal 1948 would bring us in new cases. We figured 17,000.

ANTICIPATED BACKLOG OF CASES AT END OF FISCAL YEAR 1948

We figured this on the basis of unit-case production per man, on the basis of current figures and experiences in the field and in Washington. We have, as you know, an assembly line operation. We figured with one objective in mind, and I think everything has to be appraised against that. We want to be current by the end of fiscal 1948.

We think that "current" means that this backlog which is now over 5,400 cases ought to be down to about 2,500. We think that that is probably about the right number of cases to operate on.

EFFECT OF DELAY IN HANDLING CASES

We believe that with an existing case load of 2,500 cases the Board probably could dispose of the representation matters in a couple of months, and dispose of an unfair-labor practice case in perhaps 6 or 7 months. That is still a long time, but I do not think we could expect to do it faster than that, unless it can be settled in the field. And to repeat what Senator Knowland said much better than I can, we do not see how we can expect impulsive human beings to wait around and not use the strike weapon if the Board is going to take 20, or 7 months to dispose of unfair-labor practice or election cases, respectively.

Moreover, it is not good for employers. Uncertainty, as all of you know, is one of the great curses in the labor field, and many employers, I think, would rather have the news, even if it is bad news, soon, rather than have it late. If an employer should have fired a man for union activities, as they sometimes do, back pay builds up while the case is rattling around in the Board's offices.

If an employer is beset, as many of your constituents are, by conflicting claims of two unions, he certainly is better off if he can get an election run fast rather than run slowly, and get his agony over with.

BASIS OF ESTIMATED BACKLOG OF CASES AT END OF FISCAL YEAR 1948

I want to tell you how we reached the figure of 1,550, with that philosophy in mind:

We are assuming that we ought to have a running backlog of 2,500 at the end of this coming fiscal year. We also assumed, in our mimeographed estimates, that the backlog on July 1, 1947, would be 6,500 cases. I think, in order to be fully frank with this committee, I should say that that figure was probably a little high, and I think it would be fair enough, in the light of the 5,400 figure as of March 31, to estimate that June 30 will find us with a backlog of 6,000, rather than a backlog of 6,500. It is growing at the rate of 200 cases a month.

Now, assuming for statistical purposes at the moment that we get 17,000 new cases in 1948, and assume that we have a carry-over of 6,500 at the end of this year, that means that the Board will have to do something with 23,500 cases during fiscal 1948 if it is to cut that backlog down to 2,500.

Now, in order to cut that backlog down to 2,500 we will really have to process not 23,500, as I said, but only 21,000 cases, because we ought to have some sort of a backlog left when we are through. But we ought to cut it down about 4,000 cases during the coming fiscal year.

That would mean that although 23,500 cases would be on the books, we probably should process 21,000 of those left over from this year, and all new ones, or almost all of them. I think the 17,000 estimated is very likely right. But I would like to point out to the committee how great the Board's need is, even on the assumption that the estimate is a little exaggerated.

Assuming that our cases in fiscal 1948 come in at the rate they have come in in the last 3 months, which is a little over 1,200 a month, that means that fiscal 1948 will bring us 14,500 new cases. Certainly the backlog at the end of fiscal 1947 cannot be less than 6,000. That means 20,500 cases.

If the committee agrees with us that a proper backlog at the end of fiscal 1948 should be about 2,500 cases, that still means that we have to process 18,000 cases during the coming fiscal year. I think it is impossible to assume that the number of cases coming into the Board during the next fiscal year could possibly be lower than this figure of 1,200 a month, which is what the trend has been since November 1946 on average. That is the most conservative estimate we can give you.

We think frankly that the original Presidential estimate is a safer one for the committee to operate on. It is a higher one. But we also thought we should give you the current facts, as they have changed a little in the interim.

NUMBER OF EMPLOYEES NEEDED

My point is that even assuming that the estimate was a little high, because our case load has not grown at quite the rate we expected, we will still need, in order to keep current next year, at least 1,350 people. That is the lowest we think is possible, and we really believe that the 1,550 figure is still justifiable; 1,350 would still require about 85 percent of the original salaries estimated. It would still require an increase in the salaries estimate of \$2,250,000 over the amount the House gave us.

Senator KNOWLAND. What you are asking us to do is go back to the Budget figures?

Mr. HERZOG. Yes; we are, Senator.

REQUEST FOR ALLOWANCE OF BUDGET FIGURES

Senator KNOWLAND. The only observation the chairman would like to make at this point he has made before and does not just apply to this agency. I think the entire committee here in the Senate is trying to approach this situation with an open mind. We are certainly interested in the saving of various agencies of the Government that have been established by law.

Mr. HERZOG. We know that, especially from the treatment we have received this morning, sir.

Senator KNOWLAND. At the same time, the witnesses who appeared here before us are asking us not to take the figures of the House as being the correct figures on the situation. There is considerable evidence before this committee that we should not, and, perhaps, cuts in a good many instances have been too drastic. At the same time, it is a little hard, as one member of the committee, for me to believe that the figures of the Director of the Bureau of the Budget should be sacrosanct. I have a very strong suspicion—and, as I say, I am not applying it to this particular group—but word has gone out to various governmental agencies that the figures of the Bureau of the Budget should be supported and sort of built up into a "Magenot line."

Now, we have a problem, too. We have to make our report to the full Appropriations Committee. We have to go on the floor of the Senate and defend our action. Then, ultimately, we have to go to conference with the House. Personally, I think that we would be able to do a far more mutually constructive job if the witnesses who would appear before us would recognize, as unfortunate as it may be from their point of view, that there are going to be rather substantial economies, and instead of coming back and asking for a complete restoration they would come back and give us some factual information on priorities of things that perhaps are a little more urgent than others. We, perhaps, then could do a more constructive job in meeting this problem.

But, without exception, every witness who has appeared before this committee representing the Government has come back and said we want a complete restoration to the Bureau of the Budget figures. They could just as well have filed a letter with us to that effect. We are going to have to pick and choose some. So we will not be swinging an ax in a dark room, we would like as much information as possible from the agencies as to what might be a priority 1, and what might be a priority 2, and what might be highly desirable but, perhaps, not quite so urgent.

On that basis I think perhaps we could, as I say, be mutually helpful.

GREATEST NEED FOR INCREASE IN ITEM FOR SALARIES

Mr. HERZOG. So far as the Chairman of the Board is concerned, Senator Knowland, the great priority item is salaries. I do not believe my colleagues disagree with me on that. Of course, you have to have proportionately a little bit more of the other items in order to carry

the salary item and make it effective. But I have not the slightest doubt that the Board would be in healthiest condition if it put its economies into the other areas and kept its personnel high.

That certainly should be the objective of every Government agency, as it should be of every educational institution and all the rest of them. You cannot have a great college without great professors, and it does not much matter whether the buildings are good or not. We have a building in Washington which was condemned even before the Board was condemned, Senator.

POSSIBILITY OF CONSOLIDATING REGIONAL OFFICES

Senator KNOWLAND. On these regional offices, is there not a possibility that due to the problems Congress faces that some consolidation of regional offices could be made that perhaps would not be quite as convenient to the people being served but might present an opportunity for some economies?

Mr. HERZOG. We thought about that a great deal. My colleagues might want to comment on that.

We cut out the Indianapolis office with just that in mind, a few months ago. The protests came not only from industry and labor in Indiana, but from Senator Capehart and all the members of the Indiana delegation. We had to stick by our guns, and we cut that office out. There has been some talk about eliminating a few others.

Those economics do not always work out as well as one might expect because as soon as you close up a regional office the salary you save on the director, who is a fairly highly paid man, may have to be put back again in increased travel and that sort of thing.

Senator KNOWLAND. Normally the director does not stay alone in a pup tent. It is necessary for him to have an office staff.

Mr. HERZOG. Yes, sir. We thought about that.

Mr. HOUSTON. We have considered quite seriously, even a few months ago we considered to the point that we might eliminate three regional offices, and we decided, even though the lines were rather thinly drawn, to wait until after the appropriation hearings were over. It may be necessary to do that.

Senator KNOWLAND. I am inclined to figure, without looking into a crystal ball, that it may be necessary for you to review the situation somewhat along that line.

Mr. HOUSTON. I want to say that there is one piece of economy that this agency has practiced. We have no automobiles whatever, not even a scooter.

EFFECT OF DELAY IN HANDLING CASES

The only one thing I want to stress, and I think Mr. Herzog has honestly and conscientiously stated the situation, and that is this labor backlog. We are dealing with highly impulsive people. If we cannot expedite the cases that come before us, and that includes the employer as well as the labor organizations, the labor organizations can become disgruntled, dissatisfied, and they are liable to exercise self-help and walk out of the plant.

Senator KNOWLAND. That is frankly one of the most disturbing things to me. I think that they are entitled to a proper decision of

their cases. I think if the cases have been settled and contracts entered into, both sides should live up to their contracts.

Mr. HOUSTON. That is right.

Senator KNOWLAND. The responsibility ought to go with power.

Mr. HOUSTON. That is right.

Senator KNOWLAND. They are certainly entitled to decisions.

REQUESTS TO EXPEDITE CERTAIN CASES

Mr. HOUSTON. Here is another difficult thing we have to contend with, with this increasing back-log increasing daily, is the fact that we have requests from labor organizations, industry, and Members of the Senate and the House continuously, to expedite certain cases.

You start picking one off the assembly line out of turn then you are accused of being prejudiced or biased or favoring one organization over another, and it is a very difficult thing.

As Mr. Herzog pointed, we do take some of the minor cases, so to speak, that do not involve any great issues, and do expedite those. We do that religiously.

NUMBER OF EMPLOYEES INVOLVED IN CASES BEFORE BOARD

Senator KNOWLAND. Could you furnish us any figures roughly, as to the number of employees involved in these cases which are before the Board?

Mr. BENT. Yes, sir.

Senator KNOWLAND. Will you do so?

(The data are as follows)

According to the Board's records, 3,268,326 workers are employed in plants in which unfair labor practice cases are pending before the Board, and 530,693 are employed in bargaining units in which representation cases are pending.

INCREASED WORK SINCE CLOSE OF WAR

Mr. REYNOLDS. Earlier in the hearing I recall you made a comment with respect to activity in the labor field during the war, as opposed to what has occurred after the war. I think that that very emphatically points out the situation with which we are faced. We are probably one of the few agencies whose actual case load and activity has increased with a peacetime economy rather than a wartime one.

Many of these matters of organizational problems were left for the postwar period for their ultimate resolution.

One other thing: This is my first experience of an agency appearing before a budget bureau and various committees of the House and the Senate. I feel that in a very real sense, but a very limited one, our problem has been somewhat similar to yours. The various division heads of our little agency all believe that their department or their division is the most important, and we have had to approach this in a very cold-blooded way and use the scalpel just the way you gentlemen do.

But I can assure you that this is probably one of the most distasteful experiences that I have ever had, to come before a Senate committee and ask for more money at a time when all of us are seeking economy. But I must say with all candor and honesty, that applying the same

standards that I am accustomed to apply in industry, where I was the assistant to the president of a large corporation, I would have to do the same thing there that I am doing here. As long as the mandate of Congress is to extend the protection of the Government to the process of collective bargaining, it is our responsibility to really tell you gentlemen that we need more money. I hate to do it, but it is the fact.

Mr. HERZOG. Senator, we have nothing further to add. We will answer any more questions you have, but we think you have given us a great deal of time already.

I would also like to say for the Board that we could not have asked for and never have received a finer hearing than we have had before you this morning. I say that now, because I would rather say it before we know what we are getting, so that you will not think that we are saying it later with some other or ulterior motive.

Senator KNOWLAND. Thank you very much, gentlemen.

FEDERAL SECURITY AGENCY

NATIONAL CANCER INSTITUTE

STATEMENT OF DR. LEWIS H. WEED, CHAIRMAN, DIVISION OF MEDICAL SCIENCE, NATIONAL RESEARCH COUNCIL, NEW YORK CITY, ACCOMPANIED BY R. W. HUDGENS, DIRECTOR, FIELD ORGANIZATIONS, AMERICAN CANCER SOCIETY, WASHINGTON, D. C.

CANCER RESEARCH

The CHAIRMAN. We have one outside witness at this time, Dr. Weed.

Dr. WEED. Senator Knowland, I am Dr. Lewis H. Weed, and Chairman of the Division of Medical Science of the National Research Council. As you probably know, I am appearing in regard to cancer legislation, the appropriations for cancer research, rather than any relation to the Labor Board.

My testimony properly should have followed Mr. Adam's testimony yesterday. But unfortunately that could not be achieved.

For the last 2 years the National Research Council has been serving as the scientific adviser to the American Cancer Society and has made recommendations to the society involving the expenditure of funds which now aggregate something over \$3,000,000 devoted to fundamental research in the field of growth.

The whole problem of Federal and non-Federal subsidy of research has been discussed repeatedly in our committee on growth, and as a result of that I wrote a memorandum regarding the administrative set-up. I should like to read that memorandum. It is quite brief.

NEED FOR INTEGRATION OF FEDERAL AND NON-FEDERAL FUNDS

It seems obvious that any expended Federal support of cancer research through new legislation can be successful only if the Federal program is carefully integrated with non-Federal sources of funds devoted to the same purposes. Such a generalization indicates the paramount need for an over-all organization independent of the pri-

vate philanthropic agencies and independent of the existing Federal program.

FEDERAL FUNDS

Present Federal enterprises in cancer research center in support of the National Cancer Institute of the Public Health Service and in subsidy of external grants administered by the Public Health Service through the National Advisory Cancer Council. During the present fiscal year, 1946-47, the Institute had available \$500,000 for purposes of external grants. Funds of Government origin for cancer research are also available through the Research Division of the Veterans' Administration, and through external contracts made by the Medical Department of the Army and by the Medical Division of the Office of Naval Research. It is difficult to determine exactly how much in the way of Federal funds is devoted to external projects through Federal subsidy in fields intimately related to cancer research. It is safe to assume that the amount is approximately \$1,000,000 for 1946-47.

NON-FEDERAL FUNDS

During the same fiscal year 1946-47, non-Federal funds devoted to cancer research amounted to approximately \$3,500,000. These funds are derived from the following sources.

American Cancer Society:	
National program-----	\$2, 500, 000
Local program-----	500, 000
Philanthropic foundations (Childs Fund, Donner Foundation, Fuller Fund, etc.)-----	500, 000

PROGRAM PLANNING

If competition is to be avoided between Federal and non-Federal funds for the support of cancer research, some sort of voluntary co-ordination in the efforts should be arranged. This nonmandatory co-ordination can only be achieved by intellectual agreement regarding programs; any plan for mandatory coordination or regulation of Federal research is bound to fail.

The assignment of new and large sums of Federal money to an existing governmental agency will not result in the desired over-all planning of a national program if the administration and direction are left within any one service. The reasons for this statement are many and cannot all be given here. Suffice it to say that on the one hand there will be Public Health Service funds and other funds of a Federal nature—Veterans, Army, Navy; on the other hand non-Federal funds from private sources will be available. To secure co-operation between the Federal agencies and the non-Federal, some new mechanism of intellectual guidance must be created.

CREATION OF PRESIDENTIAL COMMISSION RECOMMENDED

It is, therefore, suggested that any proposed legislation for support of cancer research provide for the appointment of a Commission on Cancer Research by the President of the United States. Such a Commission should be composed both of outstanding professional men and

of outstanding lay civilians. It should be of such excellence and integrity that its rulings, given without power of direct command, would become binding intellectually upon the constituent agencies, both Federal and non-Federal. The professional group in the commission should be representative of the various fields concerned in research in cancer while the lay members should represent broadly the consumer interests involved.

The members of the Commission should have the power to appoint an executive officer and employ administrative assistants; the Commission should, in every way, be autonomous as an intellectual guiding influence in the national and international attack upon the problems of cancer.

It is realized that this suggestion approaches that of an independent agency of Government, directly responsible to the President. Because of many factors which are opposed to the creation of such an independent office, it is proposed that, for administrative purposes only, the Commission on Cancer Research be attached to one of the existing operating agencies or departments of Government.

The most suitable of the Government departments would be the Federal Security Agency where the Commission could be made responsible directly to the Administrator of the Agency. Another possibility would be the Treasury Department as the mother agency.

QUESTION OF NATIONAL SCIENCE FOUNDATION

However, should the Congress see fit to establish a National Science Foundation, the Commission on Cancer Research should logically be attached to the Foundation, for administrative purposes, as a group already engaged in fostering a program of research in cancer. The Commission would then fall naturally into the Division of Medical Sciences of the proposed Foundation.

That statement was presented to all of the members of the committee on growth, which is composed of the most distinguished scientists that I think have been gathered together for the purpose of planning a program of research in cancer, and has been unanimously approved by the members of the committee.

Senator KNOWLAND. Thank you very much, sir.

Dr. WEED. Thank you.

LETTER FROM ASSISTANT SECRETARY OF STATE

WORKING RELATIONSHIPS BETWEEN STATE AND LABOR DEPARTMENTS IN INTERNATIONAL LABOR RELATIONS FIELD

(See p. 431)

Senator KNOWLAND. I have a letter to go in the record at this time, from John E. Peurifoy, Assistant Secretary of State, relative to questions asked by members of the committee.

(The letter referred to is as follows:)

DEPARTMENT OF STATE,
Washington, April 16, 1947.

HON. WILLIAM F. KNOWLAND,
United States Senate.

MY DEAR SENATOR KNOWLAND: Reference is made to the verbal request made by one of your staff assistants for certain information regarding the working relationships and financing arrangements between the Departments of State and Labor in the international labor relations field.

Your first question concerned the working relationships between the Department of State and other agencies of the Government such as the Departments of Agriculture, Treasury, the Congress, and Labor in the general field of foreign economic policy.

The responsibility of the economic offices of the Department of State in the field of economic foreign policy is met by cooperation and coordinated endeavor with the political offices of the Department and with many other agencies of the Government. An economic policy is seldom without its political implications, nor do domestic and foreign policy operate in separate water-tight compartments; these are all closely interrelated and react upon one another. Under present circumstances, many different Government agencies have a part to play in international economic affairs. The job of the Department of State is to initiate and coordinate the establishment and implementation of foreign economic policy. However, the approach to any given economic problem must have the acceptance of the interested Government agencies and must be consistent with our broad general policy objectives. Actually, the Department of State draws heavily upon the resources and specialized staffs of other departments and agencies of the Government, thereby bringing to bear maximum competence of the most relevant interests. Results are achieved through the use of extensive interdepartmental machinery, which eliminates the necessity for duplication of work as among the participating agencies. A good example of this is the Trade Agreements Committee. This committee was established to carry out the provisions of the Trade Agreement Act which requires that before concluding trade agreements, the President shall seek information and advice from the United States Tariff Commission, the Departments of State, Commerce, Agriculture, Treasury, War and Navy, and from other agencies. The Trade Agreements Committee is composed of representatives of the agencies named and serves as a policy-recommending instrument in the execution of the trade agreements program. Each agency makes its distinctive contribution. The Department of Commerce develops the detailed schedule of export items on which this Government seeks the elimination of trade barriers. The Tariff Commission develops data on import items on which this Government is willing to consider tariff reductions. The Department of Agriculture is concerned with agricultural commodities. The Treasury Department furnishes expert advice on the trade program. The War and Navy Departments deal with the security aspects of this country's international trade policy. The State Department is responsible for coordinating all of these viewpoints and for dealing directly with other governments in the conduct of negotiations.

I would like to emphasize again that the Department of State in the field of economic foreign policy is not an operating agency. It is a policy formulating and coordinating agency and operates primarily in the specialized field of international negotiation.

Your second question was with regard to the relationship between the Department of Labor's international staff and the Division of International Labor, Social and Health Affairs of the Department of State.

In general, the responsibility of the State Department is to coordinate and formulate international labor relation policy with the advice and assistance of the Department of Labor. In performing this function of formulating foreign policy decisions on labor matters, the Division of International Labor, Social and Health Affairs maintains a relationship with the Labor Department: (a) By direct liaison between the Department of Labor and the Department of State; (b) By formal communication between the Departments; (c) Through the medium of interdepartmental committees. For example, the Executive Committee on Economic Foreign Policy; (d) Through joint participation in delegations to international meetings. Direct liaison is on a day-to-day basis. Substantive matters involving labor policies and practices are handled by the Department of Labor and are cleared with the Department of State only with respect to possible political or broad economic considerations. Political questions involving relations with other countries or with the United Nations, its Commissions or Agencies, are referred to the Department of State or are initiated by this Department with suitable consultation with the Department of Labor. Formal communications between the two Departments usually are for the purpose of confirming the results of the informal direct consultation.

In the field of international organization, particularly in connection with the ILO, the general relationship is that the Department of State is kept informed of all activities of the Department of Labor official who serves as this Government's

representative on the governing body of the International Labor Office. The Department participates through a State Department officer who acts as an adviser to the Government representative. The Department issues instructions to the United States Representative on all matters of concern to it after suitable consultation, and handles all wire communications for the Representative through departmental channels. The Division of International Labor, Social and Health Affairs has frequent contacts with the Department of Labor in connection with the foreign labor reporting of the Foreign Service. ILH has primary responsibility for the formulation of foreign policy on the labor aspects of foreign policy and economic policies and developments. To assist in fulfilling this responsibility, systematic reporting from our missions abroad has been developed through formulation of instructions to the field and the assignment of specialized personnel. Instructions originating in the Department of Labor to labor attachés abroad are drafted in consultation with appropriate State Department officers or are drafted by the Labor Department and cleared through ILH.

Your third question relates to the estimated cost of the conduct of foreign labor relations included in the Department of State budget for the fiscal year 1948.

The total amount is \$1,008,780 for the purposes given in the tabulation below:

Foreign Service (labor relations attachés)-----	\$232, 250
Division of International Labor, Social, and Health Affairs (that portion dealing with labor matters)-----	103, 230
International conferences-----	151, 300
United States contribution to the ILO-----	522, 000
Total -----	1, 008, 780

Your fourth question related to the expenditures made by the State Department on behalf of the Labor Department in the conduct of foreign labor relations in the fiscal year 1946 and the first half of the fiscal year 1947.

The actual expenditures made by the State Department in fiscal year 1946 were in the amount of \$13,960 and for the first half of the fiscal year 1947 were in the amount of \$11,630. These amounts represent the payment of traveling expenses, per diem in lieu of subsistence, etc., for officials of the Department of Labor attending international conferences at the request of the State Department. In this connection, it is a matter of interest that the State Department budget includes not only expenses of quota contributions to international organizations but also funds for defraying the expenses of attendance at international conferences at which the United States is represented, not only by officials of the Department of State but by officials of other Government agencies, Members of the Congress, and representatives of the general public.

I hope this gives you the desired information. If there are any questions, I would appreciate it if you would advise me.

Sincerely yours,

JOHN E. PEURIFOY,
Assistant Secretary.

DEPARTMENT OF LABOR

UNITED STATES EMPLOYMENT SERVICE

STATEMENT OF CLARENCE MITCHELL, LABOR SECRETARY, NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE, WASHINGTON, D. C.

STATEMENT ON EFFECT OF HOUSE REDUCTION

Senator KNOWLAND. Clarence Mitchell, National Association for the Advancement of Colored People.

Mr. MITCHELL. Senator Knowland, I want to thank you for the opportunity to be heard on this matter, because we consider it very important.

It is my pleasure to appear before you today as labor secretary of the National Association for the Advancement of Colored People. We urgently request that your committee restore the operating funds to the United States Employment Service which were cut by the House Appropriations Committee.

MINORITY GROUP SERVICE

From the information before us, if these cuts are allowed to stand, the Department of Labor will be forced to curtail, and, in many cases completely eliminate, important activities designed to standardize the operations of employment services throughout the country. The present Minority Groups Service which works for the full utilization of labor without discrimination would be among the activities which would be dropped.

For a number of years, our organization has been interested in making the standards of the Employment Service high and efficient. We regard this agency as an important factor in promoting the full and nondiscriminatory use of minority groups in the labor force. We were opposed to the return of the Employment Service to the States because, under State operation, many offices concentrate on placing minority group workers in domestic service, unskilled, and other low-paid jobs regardless of the applicant's qualifications or previous experience in skilled or white-collar occupations. Even when discriminatory standards are relaxed by employers, some State agencies have a tendency to continue these practices.

PROGRAM FOR MINIMUM OF DISCRIMINATION AGAINST MINORITIES

During the past year, we have been working with the governors of the States in an effort to obtain approval of certain standards which we believe are necessary if there is to be a minimum of discrimination against minorities in this agency. Prior to November 15 when the Employment Service was returned to the States, I communicated with 39 governors and asked whether they would approve the adoption of the following standards as part of the requirement for receiving Federal funds.

1. All segregated offices of the employment service shall be abolished.

2. No discriminatory orders shall be accepted, and all referrals shall be made on the basis of qualifications without regard to race, creed, color, or national origin.

3. When an employer refuses a qualified individual referred by the employment service solely because of race, creed, color, or national origin, no additional referrals will be made by the employment service until the discrimination policy is corrected.

4. Each State plan of operation shall contain policies and procedures for promoting the full utilization of minority groups in local employment and training programs serviced by the agency.

5. Adequate qualified personnel shall be assigned to see that non-discrimination policies are followed in local offices.

6. All persons shall have equal opportunity for employment on the staff of the agency without regard to race, creed, color, or national origin.

STATES IN WHICH STANDARDS ARE FOLLOWED

We received replies from 28 governors. They expressed varying degrees of cooperation. However, in only three States, New York, New Jersey, and Massachusetts, can it be said all of these standards are being followed. Even Wisconsin and Indiana, which have fair-employment practice laws, have failed to give specific commitments on the points raised.

I might digress for a moment to say that in view of the fact that the gentleman who was here from Wisconsin was advocating certain economies, certainly the experience we have had with the activities of representatives of that State in trying to lower standards so far as minority groups are concerned has not been good.

I wish to note for the record that a great part of the opposition to desirable standards affecting minority groups came from the Interstate Conference of Employment Security Agencies. Stanley Rector, counsel for the Wisconsin Industrial Commission's Unemployment Compensation Department, is a key figure in this organization which, from behind the scenes in cloak-and-dagger fashion, vigorously works against decent national standards on minority-group matters. The list of States replying to our communication, as well as those which received the letters, are submitted for the record.

(The list is as follows:)

STATES RECEIVING NAACP LETTER ON EMPLOYMENT SERVICE STANDARDS

Answered (28): Arizona, Colorado, Connecticut, Idaho, Illinois, Indiana, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, Montana, Nebraska, Nevada, New Jersey, New Mexico, New York, North Dakota, Ohio, Oklahoma, Pennsylvania, South Dakota, Utah, Vermont, Washington, West Virginia, Wisconsin, Wyoming.

No answer (10): California, Delaware, Iowa, Kansas, Maine, Missouri, New Hampshire, Rhode Island, Texas, Virginia.

Acknowledged: Oregon.

Mr. MITCHELL. Even though the Federal Government has not adopted standards which we believe to be entirely satisfactory, it is clear from the replies received and follow-up reports from our branches that there will be virtually no program of protecting minority groups in many of the States if Federal supervision is withdrawn.

I recently talked with an employment service official in a Middle Western State who, though personally interested in curtailing discriminatory practices within the agency, admitted that if left to the State's discretion very little would be done about the matter. Unfortunately, in many other States, even friendly interest is not present in local offices. More or less typical of the Southern States is the attitude of Harry B. Crozier, chairman and executive director of the Texas Unemployment Compensation Commission, who was quoted in the Dallas News of October 1, 1946, as vigorously opposed to any plan to—

service all orders by referring workers on the basis of qualifications without regard to discriminatory specifications concerning race, creed, color, national origin, or citizenship.

LETTERS TO GOVERNORS

I would like to submit for the record a copy of a letter we sent to Gov. Coke Stevenson on this matter. A similar letter was also sent to Governor-Elect Beauford Jester. Neither of them replied. On a recent visit to Texas, I learned that, so far as employment service policies on minority groups are concerned, Mr. Crozier's views seem to be the order of the day.

(The letter is as follows:)

OCTOBER 18, 1946.

HON. COKE R. STEVENSON,
Governor of Texas, State Capitol, Austin, Tex.

DEAR GOVERNOR STEVENSON: The National Association for the Advancement of Colored People on September 11 requested that the Department of Labor establish certain minimum operating standards for State employment services when they are released from Federal control on November 15. Our suggestions were designed to keep discrimination against applicants for employment at a minimum.

The Dallas News of October 1, 1946, states that Mr. Harry B. Crozier, chairman and executive director of the Texas Unemployment Compensation Commission, vigorously opposed the Federal plan to "service all orders by referring workers on the basis of qualifications without regard to discriminatory specifications concerning race, creed, color, national origin, or citizenship." Since the Federal Government will supply the money for operating the offices, it is difficult to see how anyone could oppose the adoption of standards which would give equal rights to all applicants for employment.

It will be appreciated if you will indicate whether your State would agree to follow the suggestions made by us if the Department of Labor incorporated them as a condition for receiving Federal funds. If you agree, I trust that you will inform the Secretary of Labor and let us know of your action.

The suggestions given to the Secretary of Labor were as follows:

1. All segregated offices of the employment service shall be abolished.
2. No discriminatory orders shall be accepted, and all referrals shall be made on the basis of qualifications without regard to race, creed, color, or national origin.
3. When an employer refuses a qualified individual referred by the employment service solely because of race, creed, color, or national origin, no additional referrals will be made by the employment service until the discriminatory policy is corrected.
4. Each State plan of operation shall contain policies and procedures for promoting the full utilization of minority groups in local employment and training programs serviced by the agency.
5. Adequate qualified personnel shall be assigned to see that nondiscrimination policies are followed in local offices.
6. All persons shall have equal opportunity for employment on the staff of the agency without regard to race, creed, color, or national origin.

These recommendations are the joint thinking of representatives of various minority and labor groups who attended the meeting with Secretary Schwelmbach on September 11. They were formulated because of the common problem of Jews, colored persons, Latin-Americans, and Americans of Japanese ancestry. Without these safeguards each of these groups will face severe discrimination in the local offices of the employment service. We do not contend that the mere acceptance of these regulations will eliminate such discrimination, but it will be of help. It is our sincere desire that your State will support these standards.

Sincerely yours,

CLARENCE MITCHELL, *Labor Secretary*.

MR. MITCHELL. We wish also to remind the members of this committee that the present Federal funds given to States for the operation of employment-service offices carry no provisions forbidding discrimination because of race. Therefore, some States are using these funds in a manner which actually promotes discrimination. They maintain

segregated offices. They freely accept and fill orders which specify race and religion.

EXPERIENCE OF ASSOCIATION BRANCHES

The NAACP has over a thousand branches throughout the country. Almost all of them have had first-hand experience with State employment-service discrimination against colored applicants. These applicants must use back entrances, cool their heels in Jim Crow waiting rooms in basements, and finally be insulted by some clerk who refuses to classify them properly during an interview.

The members of your committee and this Congress would perform an important service if each State would be required to show that in its expenditure of Federal grants there is no discrimination because of race by segregation, by processing flagrantly discriminatory orders, or by any other device.

Thank you, Mr. Chairman.

Senator KNOWLAND. Thank you.

The committee will recess until 2 o'clock this afternoon.

(Thereupon, at 12:25 p. m., the committee recessed, to reconvene at 2 p. m.)

AFTERNOON SESSION

The committee reconvened at 2:30 p. m., upon the expiration of the recess.

RAILROAD RETIREMENT BOARD

Senator KNOWLAND. The hour of 2:30 having arrived, the committee will come to order.

I have here a letter from the Railroad Retirement Board, dated April 4, 1947, in which they indicated that they did not care to appear before the committee, they being satisfied with the House allocations. That letter will go in the record at this point.

(The letter is as follows:)

RAILROAD RETIREMENT BOARD,
Chicago 11, Ill., April 4, 1947.

Hon. WILLIAM F. KNOWLAND,
United States Senate, Washington 25, D. C.

DEAR SENATOR KNOWLAND: This will acknowledge your recent letter requesting advice as to whether the Board wished to have any changes made in the provisions of the 1948 Labor-Federal Security appropriation bill covering the Railroad Retirement Board as reported to the House and offering to accord the Board a hearing on any requested changes.

As the provisions of the 1948 Labor-Federal Security appropriation bill affecting the Board were passed by the House on March 25, 1947, without any changes, the Board does not wish to recommend any changes and will, therefore, not desire a hearing. Of course, if your subcommittee wishes any information from the Board beyond that now available to it, the Board will be pleased to furnish such information either in writing or through the personal attendance of one of its employees familiar with the preparation of the figures upon which the request for our appropriation was based.

I wish to thank you for your courtesy in extending the Board the opportunity afforded by your letter.

Sincerely yours,

WILLIAM J. KENNEDY, *Chairman.*

LETTER FOR THE RECORD

Senator KNOWLAND. Before proceeding with the witnesses, I have here a letter dated February 26, 1947, from Washburn Nash Motors Co., of Great Falls, Mont., which will be placed in the record at this point.

(The letter referred to is as follows:)

WASHBURN NASH MOTORS CO.,
Great Falls, Mont., February 26, 1947.

CHAIRMAN,

*The Labor-Federal Security Appropriations Subcommittee,
Senate Office Building, Washington, D. C.*

DEAR SIR: The Great Falls Auto Dealers Association and the local union of the International Association of Machinists, in cooperation with the Federal Apprenticeship Training Service, have recently established a bona fide apprenticeship training program in this city. The program meets all requirements of State and Federal laws and regulations concerning apprenticeship training and veterans.

This letter is for the purpose of calling to your attention the excellent service and assistance the Apprenticeship Training Service of the United States Department of Labor has given in establishing the program in Great Falls.

We believe that this bona fide apprenticeship training program brought about through labor-management cooperation, based on the policies of the Apprentice Training Service, will result in truly trained journeymen mechanics.

As chairman of the Joint Dealers and Machinists Apprenticeship Committee, I have been impressed and gratified by the assistance given to the committee by the Apprentice Training Service.

I personally feel that the service is extremely valuable and merits every consideration your Appropriations Committee can give it. If this letter assists in any way in the allocation of additional funds for the Apprenticeship Training Service, I will feel that they have been repaid, at least partially, for the service they are giving.

Yours very truly,

A. DEE WASHBURN,

*Chairman, Great Falls Joint Dealers and Machinists Apprenticeship
Committee.*

Senator KNOWLAND. The witnesses this afternoon will be from the National Mediation Board.

NATIONAL MEDIATION BOARD

STATEMENTS OF FRANK P. DOUGLASS, CHAIRMAN, NATIONAL
MEDIATION BOARD; FRANCIS A. O'NEILL, JR., MEMBER; ROBERT
F. COLE, SECRETARY; MITCHEL D. LEWIS, ASSISTANT SECRETARY

SALARIES AND GENERAL EXPENSES

STANDARD CLASSIFICATION SCHEDULE AND JUSTIFICATION

(The standard classification schedules and justifications are as follows:)

NATIONAL MEDIATION BOARD,
Washington, March 27, 1947.

Senator WILLIAM F. KNOWLAND,

*Chairman, Subcommittee in Charge of the
Labor-Federal Security Appropriation Bill,
United States Senate, Washington, D. C.*

DEAR SENATOR: In response to your letter dated March 21, 1947, I am attaching hereto justification of our request that on page 44, line 10, of H. R. 2700, strike out \$316,000 and insert \$338,700, and on the same page, line 11, strike out \$236,000 and insert \$261,726.

For the Adjustment Board it is requested that on page 45, line 16, strike out \$39,000 and insert \$50,000.

It is respectfully requested that we be granted a hearing before your committee and that we be given as much advance notice as possible in order that representatives of the Adjustment Board may be able to secure train reservations from Chicago.

Very truly yours,

FRANK P. DOUGLASS, *Chairman.*

General expenses, National Mediation Board

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 estimate compared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
01 Personal services, departmental...	¹ \$245,826	\$261,726	\$236,000	+\$15,900	² —\$25,726

¹ Includes deficiency estimate pending in the House Appropriations Committee covering the cost of increased compensation.

² Note that salary limitation decrease is \$25,726 under 1948 estimate, but that actual disallowance by House Appropriations Committee is \$22,700.

Salaries, National Mediation Board

Standard classification	Estimate, 1947	Estimate, 1948	Amount recom- mended by House	Increase (+) or de- crease (-), 1948 estimate compared with 1947	Increase (+) or de- crease (-), bill com- pared with estimate
01 Personal services, departmental...	\$245,826	\$261,726	\$236,000	+\$15,900	¹ —\$25,726
Excess of obligations over appropri- ation due to Public Law 390.....	—17,400	-----	-----	+17,400	-----
Total appropriation or estimate..	228,426	261,726	236,000	+33,300	¹ —25,726

¹ Note that salary limitation decrease is \$25,726 under 1948 estimate, but that actual disallowance by House Appropriation Committee is \$22,700.

JUSTIFICATION OF REQUESTED CHANGES IN H. R. 2700, DATED MARCH 27, 1947, CITED AS "LABOR-FEDERAL SECURITY APPROPRIATION ACT, 1948"

For the current fiscal year the Mediation Board's appropriation is \$300,000. In addition there is pending a supplemental request for \$16,000 to cover the residue of base increases under Public Law 390, which makes a total appropriation for 1947 of \$316,000, of which \$245,826 is available for salaries of 42 employees. For the fiscal year 1948 we have requested a total of \$338,700 for salaries and expenses, of which \$261,726 is for salaries of 44 employees.

In H. R. 2700, page 44, line 10, a total of \$316,000 is allowed for salaries and expenses. On the same page, line 11, the amount allowed for salaries is limited to \$236,000. This represents a reduction of \$22,700 from the \$338,700 allocated by the Bureau of the Budget, and we are respectfully requesting your committee to consider our needs for this latter amount.

The following tabulation, extracted from the budget estimate, gives the comparable purposes referred to by the House committee and sets out the difference between the 1947 and 1948 estimates:

	Total Number	Estimate 1947	Total Number	Estimate 1948
Total permanent, departmental.....	42	\$245,826	44	\$261,726
Debt lapses.....		8,426		
Personal services (net).....		237,400		261,726
Total other obligations.....		80,000		76,974
Grand total obligations.....		317,400		338,700
Excess of obligations over appropriation due to Public Law 390.....		—17,400		
Total appropriation or estimates.....		\$300,000		338,700

We do not think it was the intention of the House committee to make a reduction in the number of existing positions or to deprive our employees of the within-grade promotions under the Ramspeck Act. If we understand the intention of the committee correctly, the report appears inconsistent since it describes the appropriation of \$316,000 as "the exact amount available for comparable purposes for 1947, including the pending Pay Act supplemental." As a matter of fact, the limitation of \$236,000 to cover salaries is \$9,826 less than our current annual pay roll and would provide only enough money to continue approximately 39 of our 42 positions during 1948. Moreover, the House cut also eliminates entirely \$7,376 required for automatic promotions occurring under the Ramspeck Act and eliminates the two new grade 9 mediator trainee positions requested for next year.

In arriving at the proposed appropriation, we do not believe that full consideration was given by the House Committee to the fact, as illustrated by the above table, that the gross pay for our 42 positions was \$245,826, which rose to that figure as a result of Public Law 390 adding \$29,904 beginning with the fiscal year 1947 and the Ramspeck Act which added periodical automatic within-grade increases of \$4,126. Evidently the House Committee arrived at its \$236,000 by using the 1947 net pay roll of \$237,400.

In 1948 our employees will receive \$7,376 resulting from Ramspeck promotions during 1947 and 1948, additions made mandatory by law. If it was the intention of the House committee to appropriate an amount to cover comparable services, the appropriation for salaries and expenses should provide \$330,400 of which amount not to exceed \$253,426 may be expended for salaries in the District of Columbia. This would still provide a reduction of \$8,300 below the Board's estimate for 1948.

With a view to economical operations, we have voluntarily cut our "other expenses" which includes travel allowances, communications, supplies, equipment, etc., by \$3,026 as compared with 1947. We think it would be detrimental to the Board's services and make it impossible to handle disputes expeditiously, as required by the Railway Labor Act, for the Congress to cut our requested appropriation of \$338,700 to \$316,000 and to reduce our pay roll limitation from \$253,426 to \$236,000 as proposed in the House bill, and we cannot believe it is the intention of the Congress to thus reduce our forces. Since it is estimated that the case load for 1947 and 1948 will be approximately the same, we feel that the maintenance of our present staff is necessary.

We still believe, however, that provision should be made for employing two trainee mediators at a cost of \$8,300 per annum for the reason that three of the Board's mediators have now reached the voluntary retirement age and will be leaving us in a very few years. Heretofore, we have recruited our Mediators from men with long experience in the adjustment of railroad labor disputes. But this method of recruiting brings men into the service usually between 45 and 55 years of age, and we believe it would be a good business arrangement to train a limited number of younger men by schooling them in our office and giving them actual experience in mediatory service through assisting regular mediators in the field.

In compliance with request of your committee, there is submitted below a statement showing the comparable number of employees and expenditures for personal services for 1939, 1940, and 1941 with the years 1946, 1947, and 1948.

Comparative statement of number of employees and amount of compensation

Year	Number of employees end of year	Expenditures for personal services	Year	Number of employees end of year	Expenditures for personal services
1939.....	23	\$107,026	1946.....	41	\$193,769
1940.....	24	113,117	1947.....	42	¹ 245,826
1941.....	25	114,960	1948.....	44	¹ 261,726

¹ Estimated.

It will be noted that our employee force rose from 23 in 1939 to the present force of 42. This is due to the steady demand made upon the Board for its services, which is evidenced from the following table showing actual work load from 1939 through 1946, and estimated work load from 1947 and 1948.

Case load figures, 1939-48

	Cases received	Cases closed	Backlog unsettled	Total force
1939.....	198	234	88	23
1940.....	288	277	99	24
1941.....	306	300	105	25
1942.....	417	369	153	28
1943.....	455	424	184	31
1944.....	430	356	258	31
1945.....	544	554	248	36
1946.....	436	589	94	41
The following are estimates				
1947.....	660	700	53	42
1948.....	660	690	43	44

By comparison, during 1946, the backlog was reduced from the second highest in the history of the Board to the second lowest in the Board's history. The present small number of pending cases means that no longer is it necessary to subject disputes to long delay as previously for assignment of a mediator. The Board desires to keep its pending case load low in order to provide mediation promptly as contemplated by the terms of the act. We believe that with our requested force we can accomplish this.

Due to the case load rising from 198 in 1939 to 544 in 1945 and the constantly increasing backlog of unsettled cases, which rose from 88 in 1939 to 248 in 1945, more and more demands were made upon us for quick action to get a field mediator on the job after a case was docketed. This made it necessary that we increase our force over the years from 23 in 1939 to 42 at present.

On a percentage basis from 1939 to 1946, the comparison of employees to case load shows an increase in employees of 78 percent and an increase in production, or cases closed, of 251 percent.

During the war no money was given us from the emergency fund for the President for the salaries and expenses of the Board.

As pointed out in our justification of estimates, the mediation and adjustment boards together are receiving and settling a much greater number of cases today than any of the predecessor boards, and at an average cost per case of less than one-half that of former boards.

National Mediation Board personnel

Statement showing: (1) Personnel as of March 22, 1947; (2) personnel included in Board's 1948 estimate, as approved by the Budget; (3) personnel provided by the Board's appropriation bill for 1948 as passed by the House of Representatives; (4) with respect to protest pending, the positions which the National Mediation Board has requested the Senate Appropriations Committee to restore to the 1948 appropriation bill

Bureau or office	Personnel as of March 22, 1947		Personnel includ- ed in 1948 budget estimates		Personnel pro- vided in 1948 ap- propriation bill as passed by the House		With re- spect to pending protests, the posi- tions which Senate com- mittee has been request- ed to re- store to 1948 bill
	Number of posi- tions	Employ- ees actu- ally on rolls	Number of posi- tions	Average number of em- ployees	Number of posi- tions	Average number of em- ployees	
Board members.....	3	1	3	3	3	3	5
Mediators.....	24	23	26	26	21	21	
Office staff.....	15	15	15	15	15	15	
Total civilian positions and employees.....	42	39	44	44	39	39	5

MAKEUP AND PURPOSES OF BOARD

Mr. DOUGLASS. We are a small agency. We only have some 42 employees, including the three Board members. We have two Board members, and have been without one Board member since the first of last August. Fortunately we have been able to use some of this money that the Board members have not used on some of the other things, but I think the House checked us up short on that.

The purpose of the National Mediation Board, of course, is to handle labor disputes between the carriers and the employees of both air lines and rails. The operation of rails, of course, has been going on for a good many years. But it has only been for the last 4 years or less that we have had much business from the air lines. The air lines were put under us by the amended act of 1938, but only recently have they begun to organize in a big way, and our load with the air lines is a growing problem that we have now.

CASE LOAD AND FACTOR OF TIME ELEMENT IN HANDLING CASES

Of course, handling of these labor disputes that come up, we find, as I suppose every other agencies does, that the time element plays a big factor in them. If we cannot get to a dispute and settle it within a reasonable time we find that it leads into greater difficulties, and with that situation existing here 2 or 3 years ago the Labor Executive Association got in behind the Congress and helped us get a little more help in our field mediators, and we got an unusually large backlog that had accumulated down to a pretty good working basis. We had, I think, at the beginning of 1946, probably 450 active cases on our backlog. That does not sound like 15,000 that we heard talk about this morning, but sometimes one of these cases of ours will encompass two or three thousand cases under just one docket, so it is really a bigger problem than it looks like in its numbers.

As I say, we got a little additional help in our field staff and started whittling down our backlog and have it down to a pretty decent load. Since that time, however, we have been projected into a phase of cases that are not contemplated really under our activities. The act contemplates on grievance cases that they be taken to the Adjustment Board for decision. Well, the Adjustment Board has quite a big backlog, some three or four years backlog on their shoulders, and these organizations found that they could not get these cases decided, that they were having to take up there for three or four years, sometimes, so as a consequence they have resorted to the procedure of going out and taking strike ballots on the road, and under that we would proffer our services, and we have had three or four of our top mediators tied up on that class of cases for the past seven or eight months. Of course, that puts an additional load on us.

While settling these cases I am speaking of, they would settle three or four thousand cases that otherwise would have to go to the National Railway Adjustment Board. But we had to take that load. Our backlog is climbing on us again.

EFFECT OF HOUSE ACTION ON SALARIES

The House Appropriations Committee, at least their report said they intended to give us a comparable estimate in appropriation that

we had for 1947, which was \$245,000 for salaries. They took into consideration, somebody did, in reaching their figures they took the lapses that we had used by this board member and one of the mediators that had been loaned out, and they got down to under what the actual figures were.

The comparable figures for 1947, for the 1948 budget, plus the Ramspeck increases will run us \$253,000 for salaries. Without that we will have to dispose of at least two, and maybe three of our field mediators out of our staff of 24 field mediators.

We believe that it is a purely clerical error rather than the intent of the House to clip us on that, because they prefaced it with a statement that they wanted to give us a comparable figure as we had for 1947, but they evidently took those lapses into consideration.

If we can get this \$253,000 on salary—we have made some reductions on smaller items we have down there, mail services, and such as that—we will be in pretty good shape to go ahead with what we have.

NEW POSITIONS REQUESTED

Now, we ask for two new jobs that the House turned us down on. I will say in all frankness to the Committee we can get by without them. The life of the Board does not depend on these two new trainee jobs. Under the civil-service requirements a man must have 5 years' experience in this class of work before he can go to work as a mediator.

In order to get men with that experience in handling negotiations and their grievances, we generally have to go back to the general chairman of these organizations, or to the general offices of the railroads. Consequently when we get a man he is usually pretty well up in years, and his service with the Board by the time he gets on the list, he has used up some more of that. We feel it might be a lot better if we could train our own mediators.

We asked for a couple of grade 9 trainee jobs. The chairman of the subcommittee of the House thought a grade 9 was a little too high for that class of work, I think around \$4,300. Even at grade 7, if we had that, we could still get a couple of young fellows in their early thirties, we have a lot of work they could do, and work them into the mediator jobs that way.

We think in that way over a period of years we could have a hand-trained, hand-picked, and highly developed staff of mediators, and men at the age of life where we could look forward to a good many years of service out of them.

Those are about our only two problems. They did not clip us much. They took only \$22,000 off of us. That would eliminate at least two, and maybe three of our mediator staff, and we cannot afford to lose them. As I say, these trainee jobs are something that I think would be good for the service, but I think it is something that is not a life or death matter with us.

STATEMENT OF ROBERT F. COLE

Mr. Cole is Secretary of the Board. He has a statement I think that he might want to give some evidence to the committee.

Mr. COLE. Mr. Chairman, Mr. Douglass has covered some of the points I have in this statement, but perhaps my figures would be a little more precise, and I would like to introduce them.

We wish you to consider the needs of the National Mediation Board in the matter of salaries and expenses for 1948, which item was materially reduced by the House committee in H. R. 2700, but since the amount allocated by that committee for expenses is adequate my statement will be confined to the allowance for salaries to cover the pay roll of our present force of 42 employees in 1948.

HOUSE REDUCTION IN ITEM FOR SALARIES

The House committee cut our request for salaries to \$236,000 for 1948, \$17,426 below the \$253,426 needed to maintain our present force next year. The report of that committee, as we understand it, implies that it intended to provide an appropriation in 1948 in an "exact amount available for comparable purposes for 1947." This was based on the stated premise that "the work loads are estimated by the Board itself to remain the same in 1947 and 1948." Therefore, we do not think they actually intended to force a reduced personnel.

PAY-ROLL COSTS FOR FISCAL YEAR 1948

In 1947, our net pay roll will be approximately \$237,000 and this deflated figure, arrived at by deducting lapses, appears to have been used as a basis for limiting our 1948 pay roll to \$236,000. As a matter of fact, the pay-roll cost for our 42 employees in 1948 will be \$253,426 as compared with \$245,826 which, had it not been for lapses, would have been spent in 1947.

The increase of the 1948 pay roll over 1947 is easy to calculate. We have no grade promotions nor have we made any additions to personnel since the beginning of 1947. The Ramspeck Act brought about automatic within-grade promotions of \$7,376 which accounts for all the new salary money needed in 1948, unless the net pay roll of \$237,400 for 1947 is used as a base for comparison. In such event we would need also the \$8,426 deducted therefrom for lapses. Obviously, lapses cannot be properly carried forward from the current year to become a debit against the succeeding years' pay roll without reducing personnel accordingly.

REDUCTIONS IN BACKLOG OF CASES

At the beginning of the fiscal year 1946, 21 months ago, we had a backlog of 247 cases. At that time, under an increased appropriation to provide prompt service, we added five new mediators and for the first time in the Board's history had what appeared to be an adequate force. It was at this point that we went "gunning" for the large backlog of cases.

One year later on July 1, 1946, we had reduced our backlog to 106 cases and by November 1, 1946, to an all-time low of 83 cases. While this accomplishment was due largely to the increased number of mediators, the good showing was due also to personal sacrifices on the part of our mediators. By sacrifices, I mean that our mediators voluntarily worked many over hours and Saturdays and much night time, without extra compensation. And wherever possible to conserve time, we moved our mediators to their next assignment on Saturdays, Sundays and holidays.

DAYS OF EARNED ANNUAL LEAVE BY MEDIATORS

Moreover, during the 21 months of intensified effort our mediators have earned a total of 1,092 days' annual leave. Of this amount they have taken only 556 days to date.

We are proud of this record. Our mediators will continue to work hard, but any reduction in their number will certainly penalize the very fine cooperation and production efforts of these employees.

ESTIMATED CASE LOAD FOR 1948

There has been a slight increase in the number of cases on hand since we reached our low point in November last. Beginning January 1947, our pending work load stood at 89 cases, in February at 99, in March at 109, and presently at 114. The past history of cases received, which shows a gradual increase from 1939 to 1946 of more than 120 percent, and the present outlook for new disputes, indicate that the Board's estimate of more than 600 new cases for 1948 will materialize. If so, the Board's present force of 24 mediators will be obliged to continue their high-speed efforts to cope with the situation.

ADDITIONAL COST OF TWO TRAINEE MEDIATORS

Chairman Douglass has ably demonstrated to you that to prepare for an efficient replacement for retired mediators is simply good business administration, and I wish only to emphasize the moderate cost of this program. If two trainee mediators enter the service in grade CAF-9 it would add \$8,300 to our annual payroll. If grade CAF-7 were deemed to be a more appropriate trainee entrance salary, the additional pay-roll cost would be \$6,795.

Senator KNOWLAND. Are there any questions?

Senator Dworshak?

DISCUSSION OF TWA STRIKE

Senator DWORSHAK. Did your Board handle the TWA strike during the past year?

Mr. DOUGLASS. Yes, sir.

Senator DWORSHAK. You encountered a great deal of difficulty. It took a long time to break that, did it not?

Mr. DOUGLASS. Yes, sir. I mediated that myself, Senator, and it was a pretty rough deal.

Senator DWORSHAK. What was the matter? What made that different from most disputes that come before your Board?

Mr. DOUGLASS. Pardon?

Senator DWORSHAK. What made the TWA controversy different and requiring more time than the usual dispute which comes before your Board?

Mr. DOUGLASS. I might lay the greatest possible stress probably on the inexperience of the carrier and the organization in handling labor relations under the act, that it was comparatively new to both of them. It was tied in with the fact that the carriers were acting somewhat in concert, to which the organization was very much opposed, and had created a bitter situation there that made it unusually hard.

QUESTION OF STATUTES BANNING STRIKES IN RAIL AND AIR SERVICES

Senator DWORSHAK. Do we have any statutes banning strikes on carriers of that kind? Railroads? Air?

Mr. DOUGLASS. No, sir.

LENGTH OF STRIKE

Senator DWORSHAK. How many weeks did that strike continue?

Mr. DOUGLASS. I think about 3 weeks, as I recall.

Senator DWORSHAK. You finally got it mediated and settled satisfactorily?

Mr. DOUGLASS. Yes. We finally got them to agree to an arbitration agreement. Both sides were willing to agree to arbitrate. The difficulty was to get them to agree on what to arbitrate. Finally we got them to agree on the points that they would submit to arbitration, and they had arbitration on it, and it came out that both sides were rather happy about the results of the arbitration, I understand.

And incidentally, Senator, that broke the log jam on handling these cases on air lines. Since that time we have had a much clearer situation. We just finished negotiating a contract on American Airlines that was just about as involved as the TVA, but it was tied in with this same log jam I told you about, about the bitterness that has grown up there. I think the situation of the air lines will be much easier now than it was up to that time.

Senator KNOWLAND. Thank you, gentlemen.

NATIONAL RAILROAD ADJUSTMENT BOARD

STATEMENTS OF PAUL M. CARTER, MEMBER, NATIONAL RAILROAD ADJUSTMENT BOARD; RALPH F. RAY, MEMBER; AND LELAND HOWARD, ADMINISTRATIVE OFFICER, NATIONAL RAILROAD ADJUSTMENT BOARD

SALARIES AND EXPENSES

STANDARD CLASSIFICATION SCHEDULE

Senator KNOWLAND. Next, the group representing the National Railway Adjustment Board.

(The classification schedule, justification, and supplemental submission to Senate Committee on Appropriations are as follows:)

APPROPRIATION REQUEST—NATIONAL RAILROAD ADJUSTMENT BOARD, CHICAGO, ILL.

Salaries and expenses, National Railroad Adjustment Board, National Mediation Board, 1948

Estimate, 1947-----	¹ \$299,000
Estimate, 1948-----	370,600
1948 bill, amount approved by House-----	367,000
Increase (+), 1948 bill compared with estimate 1947-----	+68,000
Decrease (—), 1948 bill compared with estimate 1948-----	—3,600

¹ Includes \$19,000 deficiency estimate pending in House to cover cost of increased compensation.

Printing and Binding, National Railroad Adjustment Board, National Mediation Board, 1948

Estimate, 1947-----	¹ \$39, 000
Estimate, 1948-----	50, 000
1948 bill, amount approved by House-----	39, 000
Increase (+) or decrease (—), 1948 bill compared with estimate 1947-----	
Decrease (—), 1948 bill compared with estimate 1948-----	—11, 000

¹ Includes \$21,500 deficiency estimate pending in House.

DIGEST OF REQUEST FOR RESTORATION OF AMOUNTS IN ESTIMATE OF APPROPRIATION,
1948 FUNCTION OF THE BOARD

1. The Board was created for the adjudication of disputes between railroad labor and the carriers.

2. The 18 carrier members and the 18 labor members are selected and paid by the parties they represent. This cost will aggregate about \$400,000 per year.

3. The Government's portion of the cost of operation of the Board is for office personnel, referees, travel, communication services, rents, other contractual services, supplies, equipment, and printing and binding.

Salaries and expenses

1. Amendment requested: Page 45, line 11, strike out "\$367,000" and insert "\$370,600."

2. The estimate of \$370,600 for 1948 exceeds the estimate of \$299,000 for 1947 by \$71,600 and the amount approved by the House by \$3,600.

3. The Board believes that all items included in the estimate are the minimum with which it can properly function, and based upon the best information available, the amount is underestimated rather than overestimated.

4. The largest increase is \$60,756 for rents and utility services which is only for continued occupancy of present space.

Printing and binding

1. Amendment requested: Page 45, line 16, strike out "\$39,000" and insert "\$50,000."

2. The estimate of \$50,000 for 1948 exceeds the estimate for 1947 and the amount approved by the House by \$11,000.

3. According to the best available information, costs throughout the printing industry have practically doubled in the last year, and a further increase appears inevitable.

4. Practically all of the printing appropriation is used for printing and binding of awards of the four Divisions of the Board, for Board use and Federal records.

5. The cost is held to a minimum by permitting the printer to sell copies to interested parties. It is calculated the cost to the Government under this arrangement is about one-third to one-half of what it would be if the Government were paying the entire amount.

Testimony before the Senate Appropriations Committee

1. Members who represent the Board will testify as to the creation, operation, and policies; and the administrative officer will testify as to any details in the estimate of appropriation. They will answer any questions that may arise in connection with the foregoing.

JUSTIFICATION

Salaries and expenses

Requested amendment: Page 45, line 11, strike out "\$367,000" and insert "\$370,600."

While we appreciate that the reduction of \$3,600 from our request of \$370,600 is very small, yet the appropriation is composed of so many fixed amounts that there is little opportunity for absorbing any large increase in cost in any of the items. Any substantial increase above expectations would leave the Board in a very precarious financial condition. The largest part of the increase in the appropriation for 1948 is for increased rent on space occupied by the Board.

This does not contemplate the acquisition of any additional space. While we hope rental costs for the ensuing year will be less than is contemplated, we fear, if anything, the figure is underestimated rather than overestimated. Possibly bids may be received before the committee holds a hearing on this request, in which case definite figures for this item will be available and will be submitted.

Printing and binding

Requested amendment: Page 45, line 16, strike out "\$39,000" and insert "\$50,000."

Almost all of the appropriation for printing and binding is expended for printing awards of the various divisions for the use of the Board, parties directly interested in the dispute, Library of Congress, and International Exchange. An initial supply of each of the awards is printed in pamphlet form; and when a sufficient number has been issued, a volume is bound. The Board receives 200 pamphlet copies, and 150 each of the volumes. Practically all of the printing and binding is being done in the field, which has eliminated duplication and which enables the Board to have the necessary printing done and yet keep expenditures at a minimum.

For some years, prices paid for printing have been exceptionally low. Last year, the contractor was not able or was not willing to complete the work, and this resulted in the termination of his contract and the obtaining of new bids and the entering into of a new contract for completion of the work. Costs under the new contract for the balance of last fiscal year, and the contract for the current fiscal year, are about three times the costs for the previous three or four fiscal years. From the best information obtainable, we have concluded the prices of printing throughout the industry have practically doubled, and a further increase appears inevitable. The contract for printing and binding awards permits the contractor to sell to interested parties, largely railroad labor organizations and the carriers, and therefore, the cost is spread so that the Government pays approximately one-third to one-half of the amount it would have to pay were it not for these outside sales.

With further reference to the termination of the contract during the fiscal year 1946, it might be pointed out that the liability of the defaulting contractor will be around \$10,000, which will accrue to the benefit of the Government.

In the report of the House committee it was stated that in the judgment of the committee, this printing will cost no more in 1948 than in 1947. While it is barely possible that the rates may not increase in 1948 over 1947, however, the number of awards issued and printed certainly will increase. Due to dislocations in the operation of the Board, caused by Supreme Court decision in the case of the *E. J. & E. Railway Co., petitioner, v. G. W. Burley et al.*, the number of awards rendered was reduced during the fiscal year 1946 and for half the fiscal year 1947. As an example, the number of awards rendered for printing during the period July 1 to December 31, 1946, was 344. The number of awards during the fiscal year 1943 was 1,678; during 1944 was 1,868; and during 1945 was 1,644. There is every reason to believe that the total that will be rendered during the current fiscal year will be approximately 1,100, whereas it is expected during the fiscal year 1948, the number will reach about 1,600. Since the over-all cost is about \$35 per award, it can readily be seen that the amount required will exceed our request. Accordingly, it is requested that the \$11,000 be restored, making the amount available in 1948 for printing and binding \$50,000.

SUPPLEMENTAL SUBMISSION TO THE SENATE COMMITTEE ON APPROPRIATIONS

On page 5 of our submission dated April 2, 1947, we pointed out that possibly bids for office space might be received before the committee held a hearing, in which case definite figures for the rental of office space would be submitted.

Definite figures are now available as follows:

Rental for 22,105 square feet office space, 220 South State St_____	\$36,315
Rental for 14,843 square feet office space, 39 South La Salle St_____	49,000
Electric service (estimate based on previous years)_____	2,000
Total required for rents and utility services_____	117,315

For ready reference, the following are items from the estimate for 1948, approved by the Bureau of the Budget:

01	Personal services, field:	
	Office personnel-----	\$175, 794
	Salaries and expenses of referees-----	65, 000
02	Travel-----	1, 750
03	Transportation of things-----	200
04	Communication services-----	2, 700
05	Rents and utility services-----	110, 756
07	Other contractual services-----	2, 500
08	Supplies and materials-----	4, 000
09	Equipment-----	7, 900
Grand total obligations-----		370, 600

It will be observed that the amount required for rents and utility services exceeds the estimate approved by the Bureau of the Budget by \$6,559. Adding this to the reduction of \$3,600 by the House Appropriations Committee indicates a shortage in this item of \$10,159.

It might be pointed out that practically all of the items included in the estimate may be referred to as fixed charges; that is, the amount required for salaries of office personnel is well established; the salaries and expenses of referees is earmarked and can be used for no other purpose. The amount for travel, transportation of things, communication services, and other contractual services is very little, if any, more than has been required over a number of years. This leaves only supplies and materials and equipment, which together would little more than cover the additional amount required for rents and utility services, and without which the Board could not properly function. Therefore, it may readily be seen how much importance may be attached to even a comparatively small reduction in our appropriation.

SIZE OF BOARD

Mr. CARTER. Mr. Chairman, my name is Carter. I and Mr. Ray are members of the National Railway Adjustment Board. Mr. Howard is the administrative officer. He is a Government employee. Mr. Ray and I are not Government employees. We are representatives of our people, the labor organizations and carriers.

The National Railroad Adjustment Board is comparatively a small bureau, as compared with some that you deal with; a small bureau doing a large job and a small amount of money involved. The amount of money that we want to talk to you about will seem very trivial to you, possibly.

Senator KNOWLAND. No amount of money would seem trivial to this committee.

Mr. CARTER. They are very important to us because we do work on a very close budget, and we make our appropriation requests right close to the cloth and allow nothing to be taken off, or added to, without detriment to it.

We have no criticism of the House of Representatives or the Bureau of the Budget, because they are very familiar with our proposition, and they have dealt with us and know that we do cut close to the cloth.

RENT AND PRINTING

The particular items that we come to you about are rent and printing, in both of which items deductions were made that we find will hurt us.

STATUTE REQUIREMENT

Senator KNOWLAND. Does the statute require that you be located in Chicago?

Mr. CARTER. The statute requires that we be located in Chicago.

Senator KNOWLAND. What would happen if the statute were to be changed?

Mr. CARTER. I do not think that would change the situation any, except that you would just have the same bills probably somewhere else, because they are pretty closely figured, and probably the expense of one item would offset another. I do not think there would be any saving. The fact of the matter is, I think, that is the logical place for the Board, because it is the most accessible place in the United States to all parties that are concerned.

We handle the grievances from all the railroads in the United States.

SIZE OF INCREASE IN RENT

Senator KNOWLAND. It seemed to me to be a fairly steep increase in rent, as I recall it.

Mr. CARTER. That increase in rent was caused—that steep increase was caused—due to the fact that we, prior to the war, had received permission to and had entered into a contract for rental that made it possible for us to pick up the option from year to year, through a 4-year period.

So you find us here, while having saved the Government considerable money, probably, through that period, when other people were being faced with rent increases, we—much to the disgust and dislike of the people who we had rented from, who found themselves with that contract—were in a position to continue the low rental.

Senator KNOWLAND. What is your present rental? Your past rental?

Mr. CARTER. The present rental, I think, would average about \$1.29 a foot.

Senator KNOWLAND. What does it figure out in dollars per year?

Mr. HOWARD. About \$48,000.

Senator KNOWLAND. What do they propose to increase that to?

Mr. HOWARD. They propose to increase that to \$115,000, roughly.

Mr. CARTER. That increase would have been spread over a 3- or 4-year period, and it would not have looked so bad, coming that way. But now it is hitting us all at once.

AMOUNT OF SPACE RENTED

Senator KNOWLAND. How much space do you have?

Mr. HOWARD. We have 14,843 square feet in one parcel and 22,105 square feet in another. We are located in two different buildings.

Senator KNOWLAND. How many employees do you have?

Mr. HOWARD. We have a total of 52 employees. There are 36 members of the Board, however, and space has to be provided for the neutral referees that come in.

Senator KNOWLAND. Is that dead space? How much space do you have that you are not currently using?

Mr. HOWARD. We are using it all now, all the time.

Mr. CARTER. There is no quarrel between us and anybody about the space, or the utilization of the space. But when we were before the Bureau of the Budget and before the House, we knew from information given us by different parties that we were going to be faced with a terrific increase in rent, and the best figures that we could get at that time—at the time that we made up our original appropriation figure for the Bureau of the Budget—was that it was going to cost us \$131,300. That was what they were telling us was going to be the basis of their figure. We went to the Bureau of the Budget with that figure, and it was, as I say, an assumption based upon statements that were not on paper, and the Bureau of the Budget thought that possibly we might do better, and they trimmed us \$20,000—\$20,500 on that figure.

Then, when we went in to the House, before the House committee—and I say again we have no quarrel with them, because we were unable to give them figures; it was an assumption—they again felt that possibly we might do better than the figure that was approved by the Bureau of the Budget. So they gave us a little additional cut in that figure, with the result that now we have a real problem, and that is the reason that we ask the privilege of coming before you gentlemen—we are able to give you figures now.

We find that on the space at 220 South State Street they have the bid figure now of \$66,315; and on the space on South LaSalle Street, occupied by the first division, they give us a figure of \$49,000. With the \$2,000 of electrical service, that puts us to a figure of \$117,315.

Senator KNOWLAND Compared with, roughly \$50,000?

Mr. CARTER. Yes; compared with, roughly, \$50,000.

That is the rent increase; something we have no control over, something that just——

Senator KNOWLAND. I would not say we have no control over it. I know this is not the ideal time to find other locations, but the only control you would have would be if you did find some other location. Perhaps not as desirable, were you could move to.

OTHER GOVERNMENT AGENCIES FACE SAME SITUATION

Mr. HOWARD. Senator, I believe that is typical of office rents in Chicago. I have checked with the Public Buildings Administration, and I am quite sure other Government agencies are faced with exactly the same situation.

Senator KNOWLAND. Will not the closing up of some of these Government activities like the OPA give you some available space?

Mr. HOWARD. No. The Army, I believe, vacated about five floors from the Civic Opera Building, and that space filled up with commercial organizations almost instantly. In fact, the owner of the building in which we are located—I talked with one of them not so long ago, and he rather debated as to whether they should rent their space to a Government agency rather than enter into a long-term lease with some large corporation that would be more to their advantage. It is about—I would say—about the average rate for office space in Chicago, as near as we can determine.

CHICAGO RENTS COMPARATIVE WITH ST. LOUIS AND KANSAS CITY

Senator YOUNG. How does that rent compare with St. Louis or Kansas City? Have you ever checked that?

Mr. HOWARD. I have not checked that, sir. No, sir.

Mr. CARTER. It is very comparative there, and it is average there in Chicago. As I say, it would not have looked like such a terrific increase had it been taken over the years that other rentals have been building up to that. But we were able to renew our lease there at the low figure through this last 4-year period, and now we are being faced with this jump to level us up there, all at one time.

The Bureau—they made their investigation of it and approved the figure at approximately this. Now they are not far off from us. The House, of course, approved, too. But we find that between the two of them they are \$10,000 under the figure that we find ourselves required to pay in order to renew our leases, and that brings us here.

EXPIRATION OF LEASE

Senator KNOWLAND. When does your lease expire?

Mr. CARTER. June 30.

Senator YOUNG. Has there been a similar raise in rent in Chicago?

Mr. CARTER. Yes, sir. This building on South La Salle Street—they tried every way that they could, 16 to 18 months ago, to find out if we would not be agreeable to some kind of a proposition that would break our lease there so that they could throw the increases at us that they were throwing at their other tenants at that time. The rents in Chicago went up terrifically.

We stood pat; and, of course, here we are now.

CHICAGO RAILROAD CENTER

Senator KNOWLAND. Is there any reason why you could not operate out of Kansas City, or St. Louis, or some other city, for that matter?

Mr. CARTER. I would not say we could not. I think we could, if the law so provided. But I say again that I would agree with the makers of the law that Chicago is the logical place for the National Railroad Adjustment Board. It can be reached overnight from more points, probably, than any other point around, of railroad importance. It is the central headquarters of more of the staffs there than any other point. It was placed there, I think, after very serious and considered judgment in the start.

I do not think the cost of operation of it, considering the importance and the magnitude of the work done, and all, is so out of line there under the present situation. We handle all the disputes from all the railroads in the United States, from all the organizations on the railroads, and we have to be, because of that, centrally located to them.

We call them in for hearings, and they are all men that are just as busy as anybody else could be. Time is a factor to them, too. Where you might save a dollar or two here, it would cost him dollars more in travel time and lost time to other people who are pretty busy.

AMOUNT OF INCREASE REQUESTED

Senator KNOWLAND. What is the total amount that you are requesting the committee to change here? The item which appears on page 45 of the bill shows \$367,000.

Mr. CARTER. We requested that that figure be changed from \$367,000 to \$370,600, and I want to repeat again, that when we made that request we were still doing it before we had actual figures, and we are only attempting to protect ourselves against this \$3,600 that the House had taken off. But since then we find that the \$3,600, when they trimmed the \$3,600 off of us, the figure that the Bureau of the Budget had trimmed us to was already \$6,559 below, so at the present time we call your attention to it that the provision for rental is \$10,000 short now, instead of the \$3,600 that we were talking about when we asked the restoration there of that figure.

Senator YOUNG. I wonder if this is typical of what might happen if rent controls were eliminated.

Senator KNOWLAND. Of course, there have never been rent controls on business properties.

Mr. CARTER. There have never been rent controls on this type of business. That is the reason rents have crept up on this commercial space.

Senator YOUNG. I realize that; I also remember some of the comments that manufacturers made a year ago. I think I have a few of those letters myself.

Senator KNOWLAND. Do you want to give us an exact figure? You have been mentioning that it is \$10,000 less. Do you mean by that that it should be \$380,600, or what figure are you recommending here?

Mr. HOWARD. Of course, what our expenses really will amount to is \$377,000, raised from the amount the House allowed, from \$367,000.

Senator YOUNG. How long a lease will that be? Are you signing up a long lease?

Mr. HOWARD. One year, with a year's option. That is the regular Federal method of entering into leases. Some vary from that, but that is the ordinary term, 1 year, with an option for a succeeding year. That option to be exercised if the Government wants to exercise it.

Senator KNOWLAND. That figure, then, the figure of \$377,000, the exact figure would be \$377,159.

Mr. HOWARD. That is a very minor difference.

Mr. CARTER. I am of the opinion that if we today were able to lay this before the House committee, or had we been able to give these figures to the House committee, that it would have removed the element of speculation that we had with regard to those items, and we would not have had this. That is the reason that I think it is perfectly proper that we should call your attention to it in that way.

The members on the House committee are very familiar with our operation over there, and what we are up against, and I am sure that when they see that supplemental figure there, with the actual figure, you will note that in their report they call attention to the fact that they assume that we might possibly find a different situation than we felt we were facing, and that was the cause of the reduction that they made.

ITEM OF PRINTING AND BINDING

Now, on the printing item, of course, we made our estimate originally, and that was based upon speculation, too, based upon what we were told was going to be the basis, and we had last year the \$17,500 appropriation. We were forced to go back for an emergency of \$21,500, making a \$39,000 figure. We found that prices were increasing, and the printers were estimating additional costs there.

We went to the Bureau with a request there on that item for printing and binding. We asked \$60,000, based upon the speculative figures, the advance figures.

Senator KNOWLAND. Do you have your printing done through the Government Printing Office?

Mr. CARTER. No, sir. It is field printing. That was trimmed by the Bureau of the Budget because they thought again that we might do better, and we were dealing in a figure based upon not actual figures. They trimmed us \$10,000.

HOUSE ACTION

There again, because we were unable to furnish correct figures at the time we talked to the House, they reduced us another \$11,000 which put us back down to the \$39,000 figure that we face this year.

Now, in line with the statement that I heard you, Mr. Chairman, say, that you would like to know what is the priority in this thing, and what might be saved, this last year we ran out of funds for printing on the 15th of February, this year, and we cannot have any printing done, or could not, until we had this emergency appropriation approved.

If this figure for printing, if you did not see fit to restore that to the request at this time, when we feel that it is absolutely necessary, for the year's run, if that does not work out we may be forced to stop printing along about next spring, until we can get an emergency appropriation on that thing.

But the rent thing should be taken care of.

Senator KNOWLAND. I will say this, I think it certainly would be the position of the chairman, and I believe the other members of the committee: We want to allocate a sufficient amount in our judgment to operate the particular division, bureau, or department for the 12-month period. But we will expect the department to operate within that, and not to come back for a deficiency, because I think we are all going, to borrow a British expression, "a very dim view of deficiency" unless it is a matter of great urgency, or unforeseen emergency.

Otherwise we will look upon the allocation as a 12-month operating budget, not a 9-month budget, plus a 3 months' deficiency bill.

Mr. CARTER. We would rather do that. On that basis I say to you that in order to put us on a 12-month basis, that this rent provision should be taken care of and even with the restoration of that part that you will find here was too deep a cut on the part of the Bureau of the Budget when they speculated that we might be able to do better—

Senator KNOWLAND. How much of your printing is a controllable item?

Mr. CARTER. You mean whether we should have it done——

Senator KNOWLAND. I mean whether you should put out maybe some new booklets that might be put out this year, or might be put out next year, or printing that is absolutely required in the making of your determinations. I think there are two different types of situations that you might have, and I do not know that you do have, but that you might have, in printing your budget.

USE OF PRINTED MATERIAL

Mr. CARTER. We do not print for distribution. The only printing that we have done is for our own use, and the necessary volumes for placing in the Government repositories and libraries, 70 volumes, I think they take from us, and that is all the printing that is done by us, just for our own use, and it is essential that we have them printed as soon as we can, because we distribute them and use them in our own study of cases, and precedents, and working with them, and the referees use them. We did get behind because of a lack of money, and some difficulty with the printer. We had a printer that went broke on us last year. He was then unable to complete his contract with us. That threw us away behind.

It has been difficult to forecast just exactly the situation that we may be faced with in the future on that basis.

But we could not defer that printing. In my opinion, the amount of printing that we have, if we attempt to defer it, would be absolutely detrimental all the way through.

It is not such a big proposition, because of the fact that we do not. I might say this, in connection with it, and the reason that we do have the printing done in the field: It is a matter of economy, insofar as the Government is concerned, because by contract printing in the field we get the benefit of a reduced price ordinarily in the printer's estimate to us because of the large background of sales possible through him to outside sources of this matter that he prints to us basically.

He prints only a small amount for us, but his larger income is from the sale of those volumes and the pamphlet forms to the members of the organization and the bureaus of the railroads who are interested in them, and purchase them from him.

Therefore, if the printing were to be done by the Government Printing Office the initial set-up would all be chargeable against the National Railroad Adjustment Board and the sales to these outside people would be incidental, so far as they are concerned. Out there it is quite a large item to that contracting printer, and ordinarily they are very anxious to get the contract from us, and we get a better price for the Government by having it done that way.

Of course, the organizations are very anxious to get these as fast as they come out and they do not get them until we get them. So a deferring of printing on the part of the Government would be a deferring of placing them in the hands of the people who are vitally interested in receiving the information just as soon as they can, and the decisions that are made by the Adjustment Board.

Senator KNOWLAND. Is that the total printing item that you have? I presume you have some letterheads, possibly.

Mr. HOWARD. That is very small, sir. It is very minor. It does not amount to more than \$400 or \$500 a year.

Senator KNOWLAND. So it is all in the decisions.

Mr. HOWARD. Ninety-nine percent, I presume, would be nearly correct.

Senator YOUNG. How does this rental figure compare with other rents being charged for similar office space in Chicago?

Mr. CARTER. I think probably we are still getting a better figure than other people right around us are. The thing that would lead me to believe that it would be considerable expense to the owners of those buildings to have to remodel the space that we occupy, which is now set up on our plan to take care of our business. We of necessity must have private offices for our members; we must have board rooms; we have to have referee rooms, offices for the referees to work with us, and a main workroom, and we are limited because of the fact that there are only about five or six buildings in the loop over there that are so constructed that they can give us a board room of the size necessary for us without columns or pillars in it, a free, open board room, which limits the number of buildings that have that kind of space available.

We get a better figure, I think, than the people who are on adjoining floors to us. That is my belief.

Senator YOUNG. How about other buildings?

Mr. CARTER. We are much under most of the other buildings around there. The fact is, when we occupied the space we now hold, other buildings in that loop were quoting prices and making bids for our space that are comparative to the price that is now being asked here.

LOSS OF BUSINESS TO CHICAGO

Senator YOUNG. It seems to me that this would be difficult to get by the Senate Appropriations Committee, and maybe even the House. The city of Chicago is concerned with the possibility of losing that business that it means to Chicago. I wonder if the chamber of commerce would not be of some help there.

CURRENT RENTALS IN CHICAGO

Mr. HOWARD. My information is that going rentals in office buildings in Chicago, as an average, are from \$3 to \$4 a square foot.

Senator KNOWLAND. What is this figure?

Mr. HOWARD. This figure is a little above \$3.

Mr. CARTER. Just over \$3.

Mr. HOWARD. Some of the newer buildings, I think, would have a minimum rate, perhaps of \$4 a square foot.

Senator YOUNG. I wonder, Mr. Chairman, if we could have someone on our staff check that rental charge with what the Government is paying in other cities like Philadelphia, New York, and San Francisco?

Senator KNOWLAND. Yes. We could do that.

Senator YOUNG. I realize it would be a hardship, particularly to you people. Some of you may have homes there, and may have to move. But if they are going to be that unreasonable——

Mr. RAY. Senator, I would like to comment on this suggestion of Kansas City or St. Louis as a possible substitute for this carefully considered hub of Chicago in respect to this agency.

As compared with this \$370,000 that the Government contributes to this agency annually, the parties to the agency, the carriers and the organizations, contribute approximately \$400,000 in the way of salaries to the members. So that they do, in this particular set-up, have a rather vital interest in the situation, and the convenient location of the agency for the performance of the work.

Senator YOUNG. Have they been approached as to any help they might give you in interceding with the owners of the building, to get a more reasonable rental?

Mr. RAY. We have not been able to get much success in that direction.

OPERATE TRIPARTITE PROPOSITION

Mr. CARTER. The thing that Ralph is talking about there, there are 18 carrier representatives and 18 labor representatives on the Board, and those 36 members of the Board, the organization of the carriers, just those 36 members, pay pretty near as much as the Government does for their end of the set-up. That is a tripartite proposition: The Government, the organization, and the railroads are all three vitally interested in this thing.

Senator YOUNG. Do they all share the rent?

Mr. CARTER. No, sir. These expenses are the Government's share of the proposition. The members are paid by the organizations and the carriers, but beyond that there is a considerable outlay on the part of the carriers and the organizations in their—

Senator YOUNG. I realize that. But suppose we allow that doubling of rent. Maybe some other owners of buildings where Government offices are located in other cities might get wise to that and come back with the same thing.

Mr. CARTER. Senator, when this building on South La Salle Street took us in and originally housed us, I was told by the agent of the building that it cost them \$10,000 that first year to prepare our quarters for us.

Senator YOUNG. Of course, I could see they were anxious to get you in there; it was good business for Chicago.

Mr. CARTER. It cost them \$10,000. This year I doubt if anybody else could find the material or the labor to prepare quarters for us, if you wanted to move, and you have a very short time in which to do that, if you do it before June 30.

Even if it were advisable, and I would advise against it, as Ralph said, because I know, from the standpoint of the organizations and the carriers, that Chicago was chosen because of the central hub location—suitable for everything.

UNREASONABLE RENT

Senator YOUNG. I know that, but as to this raise in rental, I think it is absolutely unreasonable.

Senator KNOWLAND. Of course, when they selected Chicago they did not necessarily state that you had to be right up in the Loop district.

Mr. CARTER. Well, there is nothing in Chicago outside of the Loop district that I know of that could even begin to talk about housing you. It is not a little proposition. We take three floors in the Con-

sumers Building, and we take one floor in the 39 South La Salle building. This space that is occupied by the first division, which is the 39 South La Salle space, which is quoted to you at \$49,000, is 14,843 feet on one floor, with a board room, an auxiliary board room, three referee's offices, with a workroom for the secretary with his staff, and the offices of the members of the board. It is a very good location, it is true. It is suitable quarters. The quarters are arranged for us, to fit our needs.

QUESTION AS TO HOUSE AGREEMENT ON INCREASES

Senator YOUNG. I can imagine about what the House will say to us if we reinstate the full amount that you need. If we go back there and argue for it without having explored every other possibility, we would not be in a very strong position to defend you, and you have to have all of it, as I understand it, to pay your rent. With the feeling on the part of Congress now against deficiency appropriations, it would not be easy to get it.

Mr. CARTER. I do not know. It has been approved space, was investigated and approved by the Bureau of the Budget and by the House. I do not know who could raise the point on you, Senator. I do not think that the location could be improved on. Frankly, I do not think it could be improved on as to price.

The thing, of course, that is so apparent is the terrific raise in rent. But the fact is that the Government has saved money, because had it not been for the fact that we had this 4-year continuing lease this increase would have been stepping up year by year, and we would have been paying the difference in the years back that would have brought us up to this, and it would not be so glaring. But today, as a result of the saving that we made in the last 4 years, through the war period, through the entire war period when other people were being jacked up, we held stationary. Now that it is all over, we are being forced all at once to come up to the level that other people have come to in the same rental territory through the 4-year period.

And that is the thing that we are faced with today. We wanted you men to have those facts, and to know what we are up against, because, as I stated before, we did not have those figures when we were before the House committee. Had we had these figures when we were before the House committee, I am sure that we would not have been here today, because I am sure that the House committee, with their understanding of our situation, would have approved what we are requesting.

Senator YOUNG. I hope your optimism will carry through.

Mr. CARTER. I think you will find out if you talk to some members of the House committee, the way they view our figures. We do not pad figures, and we are not Government employees, and we are not trying to kid anybody. We are dealing with this the same as we would deal with our own money, or the railroad's money, if we were approximating that.

Senator YOUNG. I did not mean to leave any impression in that respect. I was just questioning the advisability of continuing the renting of this building.

Mr. CARTER. We have no interest in it, except that it is something that we suddenly find ourselves faced with, and with our small appro-

priation, and the very small and closely figured items that the appropriation is composed of, you can readily see that if we are forced to reach into any of those funds, bingo, they are already right at the figure that has not been increased or changed much over in a 12-year period.

Those other figures are all based pretty factually on the experience of the years, and the only figures that have been increased are these, and our justification is there, gentlemen. It is just something that we know we are going to have to meet this year.

MONTHLY RENTAL

Senator KNOWLAND. Nevertheless, \$9,000 a month is a pretty good rental figure for an agency of this size to be paying.

Mr. CARTER. I think probably when you figure the cost against the job that is being done, I think that it is rather a small figure that we are paying.

Senator KNOWLAND. We cannot finally determine that here.

Mr. CARTER. Yes; I think you can. I think you gentlemen realize that we are doing a pretty big job over there. We have something that, as a result of a trial and error through the years, Congress has found something workable on the railroads. That has worked, and it has worked at very little expense to the Government. It is one of the workable labor legislative efforts of the country. I think probably Congress should be, if they are not, just a little bit proud of having found a "natural" there that has been working now for 12 years, no reason why it should not continue to work, and very little expense.

QUESTION AS TO OWNERSHIP OF PROPERTY

Senator YOUNG. Who owns this building in Chicago?

Mr. CARTER. I think it is a company that bought this 39 South La Salle, and a group that recently bought the Consumers Building. Both buildings changed hands. I do not know. There was a banking outfit that owned that building on La Salle, but I do not think they own it any more. Do you know who owns it?

Mr. HOWARD. The Sodak Co., and the one at 220 South State Street is the 220 South State Street Corp.

Mr. CARTER. The building at 220 South State Street, where the three divisions are housed, they are occupying the same space there that they have occupied now over the 12-year period, and division No. 1 outgrew that space and it reached the place where, if we stayed in that building, it would have been necessary to spread ourselves over three floors, and which was inadvisable, because we continuously have the necessity for contact with our offices.

So we found this space in La Salle Street, and we have been there for 4 years.

The first division handles the cases from the transportation crafts of the railroads, all the train and engine service employees, and one division handles the clerical and semiclerical, and the other the mechanical and associated lines, and the fourth division handles the miscellaneous and water divisions.

Senator KNOWLAND. Where were you located before you moved 4 years ago?

Mr. CARTER. At one time we were all located at 220 South State.

Senator KNOWLAND. And did you have additional space there?

Mr. CARTER. Yes, sir. We had additional space there. We had about one-third less space there at that time than we now have. And we had reached the place where it was necessary for us to expand, and we had no room to expand, and we were running over then on two floors, and it would necessitate going on to a third floor, so at that time we found quarters where we could house ourselves on one floor. And that is where we are now, 39 South La Salle.

Senator KNOWLAND. Are there any further questions?

Senator YOUNG. No.

Mr. CARTER. We welcome any questions, because we would like to have you question us to get you gentlemen familiar with this.

Senator YOUNG. I imagine the conferees will have to have a lot of information on this. My guess would be that the House would be awfully tough on this.

Mr. CARTER. My guess would be that if we could leave as good an understanding with you gentlemen of our situation as the House committee and the Bureau of the Budget already has, that our justification, our supplemental justification statement there carried to the conferees would be all that would be necessary.

Senator YOUNG. I was in the deficiency appropriation committee yesterday, and there were a lot of appropriations knocked out that had just as good justification.

Mr. CARTER. If they do not deserve them, I think they should be knocked out.

POSITION OF THE SENATE

Senator YOUNG. Of course, you have this situation. The House continually passes on to the Senate appropriations of this kind. Their budget looks very good, and they pass it on to us, knowing that we have to take consideration. We have to go continually back and fight for these raises that we think are necessary. It puts us in a bad light.

For instance, as one example: As a result of a court decision, the Immigration Service has to have \$800,000 more to pay their overtime. The House passed it to the Senate, and the Senate knocked it out. They will have to appear before the next deficiency appropriation in the House.

Mr. CARTER. This particular rent item is, of course, one that we are vitally interested in, because failing to get it is going to make it cut pretty thin to protect our space. We need that money, that restoration of that \$10,000. It is unfortunate that we were unable to produce the figures at the time we were discussing it with the House committee or the Budget Bureau, either, because both of them well understand our needs, and the use we make of our money.

We operate pretty closely over there, and we are in partnership with the Government on this proposition, and are not trying to hold the Government up. We are trying to work just as closely as we can with our own money, and with theirs, too.

Senator KNOWLAND. Thank you, gentlemen.

Mr. CARTER. Thank you, gentlemen, ever so much for your interest and courtesy.

Senator KNOWLAND. That completes the hearings, and the public hearings are closed.

LETTERS SUBMITTED FOR THE RECORD

Senator KNOWLAND. I will offer for the record at this point a letter and enclosure from Senator Butler, together with a letter and enclosure from the American Equity Association.

(The letters and enclosures referred to follow:)

UNITED STATES SENATE,
April 18, 1947.

Hon. WILLIAM F. KNOWLAND,

Chairman, Subcommittee on Labor,

Senate Appropriations Committee, United States Senate.

MY DEAR SENATOR: Enclosed is copy of a letter I have received from our State commissioner of labor, which I believe contains some constructive suggestions which may be useful to you in consideration of the Labor-Federal Security appropriation bill.

If convenient, I hope you can have the letter inserted in the record as part of your hearings on the bill.

Best personal regards.

Very sincerely yours,

HUGH BUTLER,
United States Senator from Nebraska.

MARCH 31, 1947.

Hon. HUGH BUTLER,

United States Senate, Washington, D. C.

DEAR SENATOR BUTLER: House appropriation bill, H. R. 2700, cut the budget for the United States Employment Service from a requested \$3,912,000 to \$900,000. As the officer of this State who deals with the United States Employment Service I would like to give you my reactions to this appropriation.

The Federal law sets up certain standards that the State employment service must meet in order to receive grants from the Federal Government to operate the State offices. The purpose of the USES is to see that the States meet these standards and to advise and clear problems arising in the State.

In my mind Congress should handle the USES in one of three ways.

The first alternative would be to eliminate Federal standards and controls over State employment service operations, thus doing away with the USES and the necessity of making an appropriation. As long as the Federal Government furnishes the State money this might not be feasible.

The second alternative would be to retain the USES in the Labor Department and appropriate sufficient money for them to operate. I am not in any position to state how much money would be necessary; however, Clinton Johnson, who formerly was director of the Employment Service of Nebraska and now works for the USES, informs me that the sum of \$900,000 would allow the USES to maintain their fiscal office and no other activities. As their main function is to see that the States meet the Federal standards it would seem that this function would be eliminated.

The third alternative, and in my mind the best, would be to transfer the functions of the USES from the Labor Department to the Social Security Administration. I would like to elaborate on this alternative a little bit. At the present time the Nebraska Labor Department is administering the State unemployment insurance law and operating the State employment service offices. In connection therewith we accept and process claims under the Servicemen's Readjustment Act. To maintain these functions we receive money from the Social Security Administration for unemployment insurance activities, from the United States Department of Labor for employment service activities, and from the Veterans' Bureau in connection with the Servicemen's Readjustment Act. In the course of a day, an employment service office in this State, and we have 27 of them, performs work having to do with all three activities. It is my duty to see that these offices do an efficient and economical job, yet we are handicapped in this because we receive money from three Federal agencies, each jealous of their own prerogatives and determined to see that we do not spend any money we receive from one of them for one of the other's activities. The result is, State employees must spend time accumulating proof that one agency's money is not

spent on another agency's activity. Our employee's time could be better spent performing the work for which they were hired. The present Federal arrangement is confusing, awkward, and uneconomical. It is a three-headed monstrosity. Although I must add that the Federal administrators of the various agencies have, on the whole, cooperated with me, as well as they could considering they also are involved in this hybrid. If all these Federal functions could be placed in one agency then the State would have but one Federal agency with which to deal, and we would not have to spend time explaining that money received from the Social Security Administration was not used for employment service activities and vice versa. It would also do away with duplicate Federal functions. All three Federal agencies now have fiscal systems; all three ask us for statistics, check records, demand separate budgets, etc. I do not believe the SRA activities can be transferred; however, if the USES was transferred to the Social Security Administration, where it was formerly located, there would be one less Federal agency with which to deal. This would result in more efficient and economical administration, both at the State and Federal level.

I am aware of the fact that this problem is not now before the Senate; however, it soon will be and I want you to know my thoughts on this matter which is so important to the successful operation of this department. I would be pleased to have your comments and furnish you with any information we have.

Very truly yours,

DONALD P. MILLER,
Commissioner of Labor.

MEDICAL POLITICIANS VERSUS PUBLIC TAX FUNDS

Re H. R. 2700, curtailment appropriations for mental health.

GENTLEMEN: There is a demand for spending more tax moneys for more mental hospitals, more psychiatrists, more attendants to keep the sick in custody, and experiment on them in the name of science. Science has benefited few of them and has done little or nothing at all to release the notional, harmless ones who have been railroaded to mental institutions.

The care and treatment of the mentally sick calls for something more than an expenditure of millions of dollars. New buildings and new equipment, more psychiatrists and attendants alone will not correct conditions any more than a new automobile will cure a reckless driver.

Psychiatry and the medical association have had full control of all mental hospitals for the past 40 years with a record as sordid as any concentration camp. Human life and health have no value in any mental hospital; all are conducted in the same wasteful manner; all the laws and mandates of God and Christianity alike are defied and ignored by this group seeking millions of tax moneys that they may be ready for the human guinea pigs their press releases predict will need their professional care (1 out of every 20 persons).

Now is the time for Congress to find out what psychiatry is (copy enclosed *What Psychiatry Is*), why citizens are so easily railroaded to a mental hospital, why said inmates are relieved of all moneys, making legal assistance impossible, why the mail of said inmates is subject to institutional censorship, and if acts of brutality or anything detrimental to the institution is mentioned said inmate is severely punished, why filth, brutality, and slavery flourish behind the well-guarded walls of mental hospitals.

Congress should make a special study of Senate subcommittee reports No. 178 and No. 2 of conditions in Gallinger and St. Elizabeths, in which conditions are described as barbarous, with cruelty and harshness beyond belief. This report is symbolic of conditions in all mental hospitals in the Nation.

"Filth-infested Byberry (Pennsylvania) cured 2 out of 5,900 patients in a year."

Law and Lawyers Bulletin quoted 50 percent of those confined in mental hospitals should not be there.

Director of Public Welfare of Illinois claimed 20 percent confined should not be there.

State Representative Harvey, of Oregon, claimed 25 percent confined should not be there.

Dr. Edward Spencer Cowles claims 80 percent of all committed to State hospitals should be released. (Dr. Cowles, neurologist, of New York, claims he does not commit a patient once in 10 years. Apparently the doctor using public tax moneys is less concerned than those in private practice.)

Tax-supported institutions (mental institutions) throughout the Nation are jammed to overflowing with those who do not belong there, taking up the much-needed space which should be used for the genuinely insane. The Constitution of our Nation does not give to psychiatry or any other group authority to punish, penalize, or hold in slavery any person.

This is a very serious matter and should be given consideration by every citizen and official before turning millions of tax moneys over to a group of psychiatrists who as yet have not agreed on a definition of "insanity."

Respectfully submitted.

SAMUEL FRIEDMAN,
Director, American Equity Association,
Washington, D. C.

WHAT PSYCHIATRY IS

(By Myrtle de Montis, Secretary, American Equity Association, Washington, D. C.)

Psychiatry is supposed to be the knack or art of caring for the insane, feeble-minded, and like cases; that is the one thing the army of well-paid psychiatrists cannot do. Of so little interest is this subject to the psychiatrists that plans for the proper care of inmates of asylums were entirely left out of the program for the future as announced by Dr. William A. White at the closing of the Mental Hygiene Congress. Yet, these experts are going to branch out into every other field of human endeavor to run things. They will tell industrialists how to handle their employees, the employees how to succeed in their jobs, parent-teachers associations how to manage schools, and incidentally to cooperate in this with the allopaths. Their mental-hygiene experts are to grade and advise and to be the confidants of the students from preschool age up to the highest university degrees. They want, and have established, child clinics everywhere, in connection with schools and juvenile courts. They possess the deciding authority in insanity trials. They demand the sentencing privilege in criminal cases. They ask the right to choose the judges for the bench. They are even going into our homes to inform us how to carry on our family life, and to take our children out of our charge if we do not measure up to their standards.

Yet, as I said, the one thing the psychiatrists cannot do is to run properly the institution they, themselves, superintend. Our insane asylums or "State hospitals" from one end of this land to the other are a disgrace to humanity, to our flag, and to civilization. In them the most brutal care of the unfortunates is the rule, not the exception.

They deny that human vivisection takes place in these houses of blackest despair, but one of the subjects at their International Congress, Washington, D. C., in May, was: "Studies of the biochemistry of the brain blood by internal jugular puncture," by Abraham Myerson, M. D., of Boston.

Dr. Myerson is director of research, Boston State Hospital; and where did he get that "brain blood"? Another topic was: "The effect of carbon dioxide on stupors (with motion pictures)," by Harry C. Solomon, M. D.

Dr. Solomon, besides being professor of psychiatry at Harvard University Medical School is a physician at the Boston Psychopathic Hospital. Where did he make those motion pictures?

We all know of sterilization. What we are not told about, however, is that within the removal of sex parts, other organs are slashed out of the bodies of asylum inmates. The frightful spinal puncture often cripples its victims for life. Inoculations and experiments take place. Some are admitted, such as the injection of malaria germs in paresis.

Many attendants are needlessly cruel. People ask: Why are all these horrors tolerated within the walls of the asylum? How is it that complaints about what goes on are invariably smothered by whitewash? The only answer is that they are in the grip of unscrupulous medical politicians.

If these institutions could be opened up to different schools of healing, of dietetics and to people who would really care to try to salvage humanity, the terrors of our present system of asylum care under the psychiatric fraternity would be done away with. As it is, the hypocrisy of "mental hygiene," pretending "merciful ministrations to the mentally sick" is one of the darkest blots upon the medical profession as a whole today.

S. C. Kocks, writing in the May issue of *Survey* magazine, says "We've Gone Psychiatric." Psychiatry is becoming a cult; and never has the priesthood of

any cult been more self-assured of its own infallibility. Its course follows the general trend of all phenomena where exists a grading and sifting of mankind on some psychological grounds. History tells us of many such epidemics as we are now passing through, wherein the lower strata of humans have been sorted out by wiseacres and soothsayers. When civilizations have not other fields for hunting, baiting, and trapping their fellows they turn back upon themselves and start picking on their own most helpless classes, using some supposed means of measuring the attributes of the soul or of the mind. We are simply passing through such a phase. When religions were dominant, it was carried on in the name of religion; ours is a "scientific" age and it now assumes the title of a "science."

The *modus operandi* is the same. Certain pompous individuals always take the lead and inform us solemnly that they possess some special, supernatural or divine means of divination and insight into human minds. It is our modern counterpart for witch hunting. These mushroom growths always flourish luxuriantly until the public awakes to the rank abuses with which they are invariably accompanied, and that they cloak hidden greed and lust for power.

When Christians were martyred; and again when Jews and Moors were tormented, the leaders always protested loudly the pure sanctity of their motive. Doubtless they were sincere.

The psychiatrists of today doubtless are sincere. They will explain that they are genuine benefactors of our race—but ask them to open up the insane asylums to all schools of healing to permit the curing of cases they cannot cure, and you will encounter either cold indifference, or bitter enmity in a display of many inferior traits of character not compatible with the high purpose they claim. And through it all runs medicine mixed with politics.

According to Dr. Ray Lyman Wilbur, "Psychiatry is the latest, and lusty infant of the medical profession." He, being an ex-president of the American Medical Association, and speaking at the opening banquet of the great International Congress on Mental Hygiene, the declaration is to be taken authoritatively.

Psychiatry is an unofficial but important adjunct of the United States Government. Dr. Wilbur as Secretary of the Interior served as vice president of this congress. Many other high Government dignitaries held similar posts. Whole bureaus were set to work to aid in the convention. Two other men prominent in the Interior Department were notable in this instance. One was Dr. William A. White, the best known psychiatrist of the world. He won renown by going to the rescue of Leopold and Loeb for \$250 per day and more recently figured in the McCormick case in California. He is superintendent of the national asylum, called St. Elizabeths Hospital, and was president of the gathering. William J. Cooper, head of the Bureau of Education, Interior Department, was another.

The connection of psychiatry with the Interior Department under Dr. Wilbur is nothing new. It existed when Dr. Hubert Work, also a past president of the American Medical Association, was Secretary of the Interior. Dr. Work, himself a psychiatrist, gained his start up the medical and political ladder by running a madhouse named Woodcroft at Pueblo, Colo. The vocation runs in the Work family; his son, Phillip, commits many persons to asylums in Colorado. It was under Dr. Work that psychiatry acquired such a prominent hold in Federal affairs.

Not only has psychiatry come to be an important political component of the Federal Government, but it plays a very important role in the local governments of all the States. Great sums of money are spent to build immense institutions which are run by the professionals who have termed their trade "psychiatry." They are strongly organized under two interlocking societies known as the American Psychiatric Association and the mental-hygiene movement. Millions and millions of dollars are put into contracts in connection with their business; building contracts, food contracts, handling large public revenues in salaries, they have control in political situations, and wield arbitrary power over the lives of great numbers of human beings. There are more patients in mental hospitals today, it is claimed, than in all beds of all other hospitals combined—and it is a very close medical combination in charge, hostile to intrusion.

What psychiatry does is to fix the intellectual quotient of given individuals. Because of opinions, unfortunate Americans in a constant and ever-increasing stream are being poured into public institutions. Big private sanitariums abound and are full. Many people who are run into these places are not insane. Many really are "off" and eccentric but are harmless and would do no injury to anyone

or to society if let live in freedom. But until the taxpayers begin to refuse to pay the huge sums required for heaping us all pell-mell into these bedlams, the practice will continue unabated, for it is profitable.

Mental doctors are an important factor in court, yet they demand more power. Recently their two organizations affiliated with the American Medical Association to form a "contact" committee with the American Bar Association for the promulgation of laws. Prof. Rolin M. Perkins, dean of law, of the University of Iowa, is the chairman of the "contact" committee. Dr. William A. Woodward, chief of the legislative bureau of the American Medical Association, represents in this liaison 95,000 doctors in a "strategic position" so I heard him announce at the International Congress on Mental Hygiene, which by the way, is styled the big "Lunacy Trust."

Dr. Winfred Overholser, of Boston, represents the psychiatrists on this "contact" committee. He stated then that instructions had been sent within this last year to every State and county bar association in the Union, to lawyers to cooperate with their local doctors in the passage of laws desired. The system they are endeavoring to put into effect is the one recently tried out and rejected in Mexico. In it the theoretical criminologists treated crime "scientifically" as a disease to be cured by the unified action of medical doctors for the body and mental doctors for the mind. Mexico is now drafting a new code, finding its courts hopelessly muddled by "science," forced into giving up the scheme that American alienists are strongly advocating for this country.

FEDERAL SECURITY AGENCY

SOCIAL SECURITY ADMINISTRATION

ALLOTMENTS AND POSITIONS IN DIVISIONS RESPONSIBLE FOR OPERATING STATISTICS, PROGRAM ANALYSIS AND SPECIAL STUDIES, BY TYPE OF ACTIVITY

(See p. 790)

(Pursuant to request of the subcommittee, the Federal Security Agency submitted the two following tables:)

Fiscal year 1947 allotments and positions in divisions of the Social Security Administration responsible for operating statistics, program analysis, and special studies; by type of activity ¹

Unit	Total Budget allotment for salaries 1947 ²	Total personnel	Research		Operating statistics and analysis	
			Salaries	Personnel	Salaries	Personnel
Total Social Security Administration.....	\$1, 429, 530	410	\$948, 035	257	\$473, 055	153
Bureau of Employment Security; Program Division.....	205, 920	56	105, 188	24	100, 732	32
Bureau of Old-Age and Survivors Insurance: Analysis Division.....	443, 401	139	270, 887	72	172, 514	67
Bureau of Public Assistance: Statistics and Analysis Division.....	146, 867	36			146, 867	36
Bureau of Research and Statistics.....	277, 472	70	277, 472	70		
Office of the Actuary.....	60, 500	15	60, 500	15		
Children's Bureau.....	295, 370	94	238, 988	76	56, 382	18

¹ Research includes studies required under title VII of the Social Security Act on program development and program analysis. Operating statistics and analysis includes collection, correlation, and analysis of program operating data related to day-to-day operations of the social-security programs.
² Budgeted annual salaries for the positions at pay rates effective July 1, 1946.

SOCIAL SECURITY ADMINISTRATION

ALLOTMENTS AND POSITIONS IN DIVISIONS RESPONSIBLE FOR OPERATING STATISTICS, PROGRAM ANALYSIS, AND SPECIAL STUDIES, BY TYPE OF PERSONNEL

(See p. 790)

Fiscal year 1947 allotments and positions in divisions of the Social Security Administration responsible for operating statistics, program analysis, and special studies, by type of personnel

Unit	Budget allotment for salaries 1947 ¹	Type of personnel		
		Total	Professional	Clerical
Total Social Security Administration.....	\$1,429,530	410	196	214
Bureau of Employment Security Program Division.....	205,920	56	20	36
Bureau of Old-Age and Survivors Insurance: Analysis Division.....	443,401	139	50	89
Bureau of Public Assistance: Statistics and Analysis Division.....	146,867	36	21	15
Bureau of Research and Statistics.....	277,472	70	47	23
Office of the Actuary.....	60,500	15	10	5
Children's Bureau.....	295,370	94	48	46

¹ Budgeted annual salaries for the positions at pay rates effective July 1, 1946.

LABOR DEPARTMENT

STATEMENT OF SENATOR CLYDE R. HOEY, OF NORTH CAROLINA, BEFORE THE SENATE SUBCOMMITTEE ON APPROPRIATIONS, REGARDING THE APPROPRIATION FOR THE LABOR DEPARTMENT

I am not unmindful of the desire and necessity for reducing expenses in government and for practicing economy in all departments. I am thoroughly sympathetic with this purpose, but in reducing appropriations for the various Government departments we must have a care to see that we do not render ineffective and inefficient any essential governmental agency. In my opinion the action of the House in the drastic reduction it has made in the appropriation to the Labor Department does just this, and I do not believe that your committee should approve this action on the part of the House.

I shall not contend that no reduction should be made in the appropriation to the Labor Department as recommended by the President's budget, but such reduction as is made should be carefully studied and discriminatingly applied, rather than a mere slashing of the appropriation by which important phases of the work and activity would be altogether abolished, or desperately crippled.

As former chief executive of a State, I have had some experience in the balancing of immediate money savings against necessary public services and the holding together of staff and morale required to discharge those services efficiently in the public interest. It has been my experience that the saving of dollars may cost many times the immediate amount, in both the cutting off of services and the eventual reconstruction of the service and the personnel that must do the job. My experience was gained during the difficult prewar years when there was even more reason for the strictest economy than exists today—I am not minimizing in the least the need for economy to balance the budget, reduce the public debt, and as soon as possible to reduce taxes. I want to make the point clear, however, that we will harm our economy and the public welfare irreparably by permitting the proposed cuts in the 1948 budget for the Department of Labor.

In discussing the budget for the Department of Labor, I have in mind the services which the various bureaus and divisions of the Department have rendered and are rendering to the employers as well as to the wage earners of this country and of my own State.

In this connection it should be borne in mind that the Labor Department is currently operating on a budget of approximately \$113,000,000. In view of the

President's determination to balance the national budget, that Department as all other executive departments, paled to the quick its operations in submitting its request for 1948 funds. The Department has asked for \$103,000,000 to carry out its minimum essential functions—of which amount \$72,000,000 is for grants to the States for the operations by the States of local employment offices. Thus, funds requested for operations for the entire Department of Labor itself was actually \$32,000,000. This indeed is a modest sum for the executive department which performs the services of the Federal Government in the important field of labor, labor-management relations, and employment.

It is being proposed, however, that those requested funds of \$32,000,000 be slashed by nearly \$13,000,000, and thus leave the Department of Labor with only about \$19,000,000 with which to conduct its activities through 1948.

This proposed action I submit is not in keeping with our national postwar needs and our postwar determinations, or with the law which established the Department of Labor.

I am opposed to the action proposed to this body in H. R. 2700, because the facts indicate that such action would actually emasculate the Department of Labor. I wish briefly to point out just how complete the emasculation would be:

The Division of Labor Standards would be cut 100 percent. It would be liquidated, except for the function of child-labor inspection which, with its funds severely cut, would be transferred to another division of the Department.

The United States Employment Service would be cut 77 percent. In addition to this cut, the Veterans Employment Service in the USES would be cut 34 percent, and furthermore, this appropriation bill proposes to direct the internal organization of the USES by eliminating the field offices.

The Bureau of Labor Statistics would be cut 60 percent.

The Solicitor's Office would be cut 50 percent.

The Conciliation Service would be cut 25 percent.

In addition to the cut, this appropriation bill proposes to control the internal organizational structure of this Service in such a fantastic fashion as to eliminate permanently the 102 top administrative positions of the Service.

Wage and Hour and Public Contracts Divisions would be cut 25 percent.

These cuts total, in all, a 43-percent slash in the 1948 funds that have been requested for the Department of Labor—and requested funds are below the current budget of operations.

Providing adequate funds for the running of the Federal Government should never be a partisan matter, regardless of which of the political parties is represented by the majority of Members in Congress. I am taking the time of my colleagues today to make an appeal for action which should transcend party affiliation. In so doing, however, I should like to point out that in 1944 the Republican platform stated: "The Department of Labor has been emasculated by the New Deal." Mr. Chairman, in all earnestness I say that if the present budget of the Department is emasculation, the proposed budget is an attempt to destroy the corpus delicti.

To protest the proposed action in H. R. 2700, the commissioner of labor of my State of North Carolina, Mr. Forrest H. Shuford, felt compelled to appear before the subcommittee considering the appropriation for the Department of Labor. He protested as president of the International Association of Government Labor Officials whose members are labor commissioners of the various States, and he protested personally the services and assistance which would be lost to the State of North Carolina, if H. R. 2700 should become law.

To the subcommittee, Mr. Shuford said:

"As president of the International Association of Governmental Labor Officials—an organization which has been functioning for the past 60 years—I wish to present to you the viewpoint of the association concerning the need for adequate appropriations for the Department of Labor. * * *

"But we are concerned about the serious cuts which have been made in the work of all branches of the Department of Labor. * * *

"The Federal Department of Labor, in our opinion, has never had sufficient funds with which to operate. This Department has always had much smaller appropriations than many other Federal agencies which are devoted to the interests of other segments of our population. This is difficult to understand, when we realize that the Labor Department renders invaluable services to both industrial management and industrial workers in the many areas in which its responsibilities lie. In my judgment, the interests of workers and of management are so interrelated that they cannot be segregated. Any action which is crippling

to either labor or management will affect the other adversely, and will seriously affect our entire national economy. We hope that this Congress will not make drastic cuts in all Labor Department appropriations."

I wish, Mr. Chairman, to comment briefly on the proposed cuts for the several Divisions and Services of the Department of Labor.

1. The Division of Labor Standards

This Division of the Labor Department was founded by the Secretary of Labor in 1934, by virtue of the executive powers lodged in the Secretary by section 161 of the Revised Statutes, to carry out statutory requirement in the organic act of the Department, that, among other things, it improve the working conditions of the working people of the United States. The Division carries out this purpose through advisory assistance rendered to the States, particularly in the field of industrial safety and the removal and elimination of the hazards of employment. It is in a very real sense a service agency, which recognizes that the problem of working conditions is primarily a local matter of State concern. This Division makes its services, standards, and assistance available to the appropriate State authorities for their use. I should like to quote what the labor commissioner of North Carolina came to Washington to say about this Division, and the proposal to liquidate it:

"As an association of State labor commissioners, we are greatly concerned over the House action in abolishing the Division of Labor Standards. This Division was created at the request of the State labor commissioners so that we might have machinery within the Federal Government to strengthen our hands in dealing with the difficult problems of labor-law administration that face us. We wanted a friend at court—someone familiar with the strengths and weaknesses of the State labor departments, sympathetic with their programs and with an understanding of their needs—an agency that would be genuinely interested in strengthening State labor departments instead of whittling away their functions. We have had that kind of agency in the Division of Labor Standards. It has served us well. The staff has been largely recruited from persons who have served their apprenticeship in one or another State labor department.

"Time and time again, without the Division's assistance, we as State representatives would have found ourselves in a position where we could not move. When the war broke out, for example, one of the first thoughts of the Army and Navy was to lay aside the State labor laws affecting hours of work. The Secretaries of War and Navy sent telegrams to various Governors requesting immediate action to permit wholesale lengthening of hours of work for women and children. No one Governor would have been able to determine whether increased production would have resulted from such a move. We appealed to the United States Labor Department for assistance. At conferences arranged by the Division of Labor Standards, officials of the Army, the Navy, and the Maritime Commission conferred with a group of State labor commissioners from important industrial States. As a result of these conferences, and with the assistance of the Division of Labor Standards, reasonably uniform and satisfactory standards were worked out for the temporary relaxation of State labor laws during the war period. The production of war materials achieved during the years which followed was of such magnitude that it appears evident that such a solution was the logical one. The labor laws were saved and now are again operative.

"The conferences which the Division has arranged for discussion of current problems and the larger national conferences that have been held each year have done a great deal to stimulate more harmonious relations between the States and to better administrative practices.

"We need the continuing watchfulness and service of the Division in the post-war years ahead. We believe we have a right to ask this sort of assistance from the Federal Government. Our departments receive no Federal financial aid of any kind. Yet we probably have one of the toughest assignments in all of State government. We are not asking for Federal funds. But we do ask for a minimum of assistance such as we have received from the Division in improving our safety and health programs and our labor-law administration.

"I am sure other witnesses have told you of the terrific cost of industrial accidents. We in the States have responsibility for reducing this toll. We want to do a good job. But most of us have neither enough funds nor trained personnel to carry the load unaided. And we know full well that if we fail to

bring the accident rates down, irresistible pressure will develop for the Federal Government to take over the job * * * If the States can continue to receive assistance from the Division of Labor Standards in training factory inspectors, in preparing safety codes, and in planning and developing State safety programs, we believe that Federal intervention in this field will not become necessary * * *

"The advisory and technical services of the Division have been of much practical value to the North Carolina Department of Labor during the past 12 years. Following its reorganization in 1933, our Department has undergone a gradual expansion in keeping with the growing needs of labor and industry * * * Much of this development and improvement is the direct result of the technical assistance which we have received from the Division of Labor Standards in the training of inspectors, development of codes, and through the informational and educational services which it has made available * * *

"We have gone over the House committee's report with care. Based upon our experience, we can see no economy which will result from the elimination of the services of the Division of Labor Standards. It is hard for us to understand why an Appropriations Committee should eliminate this small accident prevention service and at the same time grant \$18,000,000 of Federal funds to rehabilitate workers after they are injured. Yet that appropriation is carried in the same report in which the Division of Labor Standards is abolished. Similarly, we cannot see why the United States Public Health Service should be granted millions for building up State health departments—particularly in the field of industrial hygiene—when we in the State labor departments are denied all assistance." * * *

2. The United States Employment Service

The 77 percent proposed cut in funds to operate the United States Employment Service—the national office of our public employment service system—would completely incapacitate the Federal Government in discharging responsibilities placed upon it in the law which established our Federal-State system of public employment offices. Just why H. R. 2700 proposes to cut the funds requested for operations of the national office 77 percent—from \$3,912,000 to \$900,000—yet proposes to grant the full amount of funds requested to operate the State and local offices—\$72,000,000—is difficult to understand, as all of the money to run the USES and the State employment services comes out of the Federal Treasury, 100 percent.

The committee report accompanying H. R. 2700 leads me to believe that there are some who do not understand that the public employment service system which was created in 1933 was created as a Federal-State system—not as a Federal or a State system, but as a Federal-State system with nonduplicating and non-overlapping responsibilities delegated to the Federal and to the State Governments. That is the system that was in operation prior to federalization of the employment service for the war job, the system by which we have seen a basic democratic institution come into being and mature. Unless we repeal the Wagner-Peyser Act the Federal-State cooperative system should remain in operation now that we have returned the running of the State services back to the States. Because the report accompanying H. R. 2700 seems to reveal that the committee felt it was taking care of the operations of our public employment service by providing all the funds requested for State operations but cutting the national office 77 percent, I wish to point out the protest to the proposed cut in requested funds for the USES which has been made by Col. Henry E. Kendall, the chairman of the Unemployment Compensation Commission of North Carolina. He has appealed to the chairman of the Senate subcommittee to restore requested funds, and to me, he has written:

"It is my opinion that this cut has been such that it may seriously endanger the entire developmental program of the USES and that the amount allowed by the House of Representatives is insufficient for the USES to provide the various States with the services the States would like to have. * * *

"I think one of the most important technical services the national office should be able to provide is in the field of occupational information. It seems to me that if the employment services in the States are to do an adequate job and to continue to develop that some central group will have to provide revisions for the dictionary, trade questions which cover additional occupations and are revised to meet technological changes, aptitude and performance tests which are one of our

most valuable services to industry, interviewing aids and job descriptions to be used as devices for improving the efficiency of our local office personnel, particularly in interviewing and placing applicants. While some of this work could possibly be done by the various States, it seems to me that a well-administered national program should be able to provide this for the various States at a lesser cost and with better coverage than any individual State could possibly do.

"In addition to this technical assistance in the way of occupational information and occupational tools, we feel that it is worth while for the United States Employment Service to continue within reason their work on manual preparation and manual revision. While all of these manuals do not exactly meet the needs in this State, I find that with minor revisions we have been able to issue these manuals and have not been required to maintain a procedures section of any consequence.

"In the field of labor-market information we feel that the requirement and requests from the USES have been a great many times too burdensome and that in many instances they established requirements which has required the expenditure of too much staff time for the results achieved. I feel that a portion of their work should be continued so that the various States may be provided with over-all information on labor-market trends for their consideration in planning the program for their individual State.

"In addition to these things which I have mentioned I think it would be wise for a reasonable staff to be maintained by the USES to provide for the interchange of information on Employment Service operations among the various States. It is not anticipated that this group would have direct supervisory responsibilities with regard to any State, but where good practices are found in States this information could be passed on to other States for their use.

"In regard to the regional offices I cannot argue that we [North Carolina] would have any great difficulty in our relationship with the USES if the regional office was discontinued because of our geographical proximity to Washington. However, it would seem to me that in those States which are at a distance from Washington it would be wise to continue the regional offices so that the States would have assistance in their problems without the necessity of traveling to or corresponding with the officials in Washington. This presupposes, of course, that the regional office people would be given sufficient authority to take necessary action with regard to the problem the States might present, and if given such authority, the regional office would be valuable to the States near Washington since there would be a small staff of persons assigned to work with a group of States and would be more cognizant of the peculiar problems of the State."

Mr. Chairman, concerning the appropriations for the USES, Mr. Kendall has said to me:

"I would like to urge that you take any action which you may deem advisable in securing the restoration of sufficient funds for the USES to carry out a program which can be beneficial to the States which are attempting to operate a most satisfactory employment-service program."

3. Bureau of Labor Statistics

The Bureau of Labor Statistics is a fact-finding arm of the Department of Labor. Its activities, developed in response to congressional mandate in the course of the years, have become an essential part of the functioning, not only of the Federal Government, but also of State governments, which owe much to the Bureau for technical and financial assistance. The proposed curtailment of the budget will mean the severe limitation, if not the abolition, of at least six specific activities in North Carolina, which may be grouped under these specific titles:

- (a) Occupational wage rate surveys.
- (b) Consumer price indexes.
- (c) City workers' family budgets.
- (d) Building materials price indexes.
- (e) Employment statistics.
- (f) Services to the States.

4. Office of the Solicitor

The Office of the Solicitor is chiefly responsible for the enforcement of the laws that are administered in the Department of Labor. It has been erroneously assumed that because of the decrease in the Department's over-all budget the responsibilities of the Solicitor's Office will be correspondingly less, but this is

not the case. The duty to prosecute violations of minimum-wage, maximum-hour, and child-labor statutory requirements will continue mandatory until those laws are repealed. The duty to respond to public inquiries concerning the application of those laws will continue so long as the public continues to inquire. The duty to make predetermination of prevailing wages under the Davis-Bacon Act, the National Housing Act, the Federal Airport Act, and the Hospital Survey and Construction Act is not only required to be performed under these acts, but affects the operations of all the agencies of the Federal Government which contract for or are interested in construction under these acts.

In the State of North Carolina alone, for example, through the end of March in the present fiscal year, 99 requests for wage predeterminations have been made. Much of the construction involved in these requests closely affects veterans: educational facilities are being constructed at Raleigh, Louisberg, Black Mountain and Holly Ridge; and construction on Veterans' Administration buildings is taking place at Fayetteville and Charlotte. Improvements to the airport are being made at Charlotte by the Civil Aeronautics Administration. The Navy is engaged in extensive construction in many locations: Greensboro, Wilmington, Raleigh, Winston-Salem, Durham, Asheville and Charlotte. These are only a few examples of the type of work which would be delayed and hampered, to the detriment of the prosperity of North Carolina, by reduction of the Solicitor's Office budget.

5. United States Conciliation Service

I am very concerned about the proposed budget cut for the United States Conciliation Service which is the only agency aside from the National Mediation Board charged with the responsibility for settlement of industrial disputes.

I agree with President Truman when he said in his Jefferson Day speech that it is false economy to reduce the budget of the agency responsible for the maintenance of industrial peace. If facilities are not available for the prompt handling of labor disputes, we will have more strikes with consequent economic disruption to the country. That economic disruption of the economy will inevitably affect everyone and will affect the people of my State of North Carolina.

In the calendar year 1946, the United States Conciliation Service in conjunction with the State service handled a total of 176 labor disputes in North Carolina, involving 46,796 employees all told. Thirty-nine of these were work stoppages, involving 8,221 workers. Fifty-seven were threatened work stoppages, in which 22,871 workers were involved, settled by the Conciliation Service without a strike. In addition, 47 disputes involving 10,150 workers were settled by the Service before any threat of a strike. In 8 cases involving 237 employees, an arbitrator was appointed. Twelve were handled by the appointment of technical commissioners to make work-load surveys and other kinds of technical studies in the affected plants, to settle issues in the disputes. Four thousand nine hundred and seven employees were involved in these cases.

One of the most important steps taken by the Conciliation Service since Director Warren assumed office was the establishment of a Labor-Management Advisory Committee. This committee consisting of representatives nominated by the NAM, Chamber of Commerce, AFL, and CIO was established pursuant to the unanimous recommendation of the President's Labor-Management Conference on Industrial Relations in November 1945. The Labor-Management Advisory Committee meets regularly with the Secretary of Labor and the Director of Conciliation to provide advice and guidance on the operations of the Service. The establishment of the committee is particularly significant in that it marks the first time in the history of the Department of Labor that management has had a voice in the functioning of that Department. No major reorganizational step taken by the Conciliation Service was taken unless it was made upon the recommendation of or with the approval of the committee. One of the most important recommendations made by the committee was for the establishment of a panel of 26 special conciliators. These special conciliators are the outstanding people in the field of labor relations in the country who have agreed to keep themselves available for assignments to particularly important cases affecting the national welfare and economy. They are the type of people that could not ordinarily be attracted to regular Government service, but who are willing to serve from time to time to assist their country in the peaceful settlement of major disputes. North Carolina is particularly proud of the fact that it has contributed 2 of its native sons to the list of 26—Dr. Frank P. Graham, president of the University of North Carolina at Chapel Hill, and Prof. Harry D. Wolf, of the University of North Carolina.

In addition to the above, Hon. Walter P. Stacy, chief justice of the Supreme Court of North Carolina, was chairman of the President's Labor-Management Conference in 1945 and served on the fact-finding board and filled other special assignments of national importance in connection with the administration of the labor-conciliation program, in which he reflected great credit upon himself and made fine contribution to the Conciliation Service.

The Conciliation Service in addition to the National Labor-Management Advisory Committee has established regional advisory committees, composed of representatives of the same organizations, who advise the regional directors on a local level on problems affecting the regional offices. North Carolina has contributed two representatives to the regional labor-management committee for the southern area—Mr. Roy Lawrence, southern director of the Textile Workers Union (CIO) and Mr. T. C. Moore, secretary and general counsel of the T. H. Hanes Knitting Co., representing the NAM.

In talking about the Conciliation Service I would like to refer briefly to an incident that has come to my personal attention whereby that Service was particularly helpful in assisting labor, management, and agricultural interest in resolving a dispute which affected all of them. It did so in a competent and fair manner that won the applause of all three groups. I refer to a letter addressed to the Secretary of Labor from the executive secretary of the State Farm Bureau Federation relating to a threatened strike in tobacco redrying plants. The letter is appended at the end of this statement. It would certainly seem to be false economy to reduce the effectiveness of an agency which in a single case makes such a tremendous saving to the industrial, agricultural and laboring people of this country. Particularly praise for the handling of this one dispute was paid to Commissioner of Conciliation Yates Heafner. I am proud to say that I know Mr. Heafner personally as well as Mr. Seth Brewer, the other Commissioner assigned to the North Carolina area. Both of these men have a general reputation for a high degree of competence and impartiality and they have the confidence of all the people with whom they deal. I am sure that they are typical of the commissioners assigned to other States. They are the kind of men we need to help solve our industrial disputes. We certainly should do nothing to reduce the budget in such a way as to limit their effectiveness.

The President's Labor-Management Conference unanimously recommended not only that the Conciliation Service be strengthened and improved, but that sufficient funds be made available to retain and attract the highest type of personnel to perform the duties assigned to it. I believe that that recommendation is entitled to great weight.

6. *Wage and Hour Division*

There are 10,840 establishments in North Carolina subject to this legislation. It had originally been planned to inspect about 10 percent of these for compliance. Under the proposed budget reduction, only about 7 percent or less than 700 of the covered plants can be inspected since the State will be left with only 8 of its present 12 inspectors.

The foregoing is a brief outline of the services rendered by the Labor Department, with special reference to the cooperative service with the States.

I recognize the advisability and necessity of reducing expenses and contracting Government services wherever it is possible to do so without causing serious detriment to the public service. However, it is a short-sighted policy and one I do not believe the American people will commend, to cripple a department that has been so long established and that carries forward a broad program of service to the large and ever increasing number who constitute the workers of America.

This Department is entitled to that same fair and just consideration which should be given to all agencies ministering to the public service and I trust that this committee will see to it that an adequate amount is provided in the appropriation for the Labor Department.

NORTH CAROLINA FARM BUREAU FEDERATION,
Greensboro, N. C., September 24, 1946.

Hon. LEWIS B. SCHWELLENBACH,
Secretary of Labor, Washington, D. C.

DEAR MR. SCHWELLENBACH: I am very happy to inform you that the strikes have been settled in the tobacco redrying plants of the Winston Leaf and Piedmont Tobacco Cos., of Winston-Salem, N. C. The redrying industry will begin on September 24 to operate at 100-percent capacity.

The other day when I wired you, the tobacco farmers of our State were very fearful that these strikes were going to spread throughout the entire industry,

and leave them with approximately \$500,000,000 worth of tobacco, which is highly perishable, in their hands.

I want to take this opportunity to express to you our sincere appreciation for the fine cooperation of the Department of Labor in terminating these two strikes. I want to pay special tribute to Mr. Yates Heafner of the United States Conciliation Service for the fine service that he rendered to the farmers of our State by his untiring efforts to bring about a settlement in these two plants. We were not only impressed by his ability to grasp the issues involved but his determination to maintain a strict neutrality through the deliberations. He brought about a settlement that leaves the industry, labor, and farmers in a very happy mood. We hope that we do not have any further trouble in the redrying industry this year, but in case we do, the farmers of this State will appreciate very much your assigning Mr. Heafner to these cases. In the meantime, you might assign him to arbitrate the dispute between Mr. Wallace and Mr. Byrnes.

Yours very truly,

(S) R. FLAKE SHAW,
R. Flake Shaw, *Executive Secretary*.

FEDERAL WORKS AGENCY
BUREAU OF COMMUNITY FACILITIES LIST OF LANHAM ACT FEDERAL
PROJECTS

[See p. 819]

Location	Total number of units	Total cost	Number of units dis- posed of	Recovered amount
Alabama.....	13	\$643,200	9	\$95,847
Arizona.....	11	210,106	8	13,344
Arkansas.....	3	234,271		
California.....	54	2,014,502	35	453,152
Colorado.....	2	39,618	2	1,785
Connecticut.....	4	157,612	1	14
Florida.....	21	720,799	19	139,694
Georgia.....	13	784,352	10	100,985
Idaho.....	1	24,384	1	900
Illinois.....	11	645,848	5	11,262
Indiana.....	3	43,804	1	
Kansas.....	5	366,078	3	37,945
Kentucky.....	9	387,089	4	1,286
Louisiana.....	10	550,341	7	85,074
Maine.....	4	194,213	2	25,775
Maryland.....	12	807,222	5	83,158
Massachusetts.....	9	582,214	8	135,615
Michigan.....	12	889,849	6	85,868
Mississippi.....	9	464,770	7	103,872
Missouri.....	9	737,483	4	91,359
Nebraska.....	3	123,249	3	20,469
Nevada.....	3	92,606	2	22,751
New Hampshire.....	1	57,154	1	1,693
New Jersey.....	8	399,833	2	
New Mexico.....	1	42,358		
New York.....	13	482,697	8	180,375
North Carolina.....	24	1,003,682	13	72,042
Ohio.....	2	147,265		
Oklahoma.....	5	305,757	3	14,870
Oregon.....	9	340,778	6	17,316
Pennsylvania.....	5	489,568		
Rhode Island.....	6	466,219	3	78,024
South Carolina.....	14	774,064	8	66,340
South Dakota.....	3	39,559	2	2,960
Tennessee.....	8	294,565	7	47,212
Texas.....	27	1,668,566	22	367,043
Utah.....	2	104,242	2	26,120
Vermont.....	1	95,807	1	25,000
Virginia.....	32	2,960,232	13	110,643
Washington.....	16	567,581	9	84,353
West Virginia.....	4	188,795	2	30,000
Wisconsin.....	2	138,171	2	27,500
Wyoming.....	3	177,378	2	800
District of Columbia.....	11	2,844,403	5	400
Alaska.....	9	304,058	4	13,205
Territory of Hawaii.....	7	408,254	1	
Puerto Rico.....	4	294,330	3	8,911
Other.....	26	1,681,403	11	72,817
Total.....	464	26,990,329	¹ 272	2,757,779

¹ In this total are 19 projects transferred to other agencies and 65 projects which are leased.

DEPARTMENT OF LABOR

DIVISION OF LABOR STANDARDS

SCHEDULE SHOWING TRAVEL COSTS, AUDITED BY MONTHS, FOR THE DIVISION OF LABOR STANDARDS, U. S. DEPARTMENT OF LABOR, FOR THE FISCAL YEAR 1946, AND FOR THE FIRST 8 MONTHS OF THE FISCAL YEAR 1947

[See p. 48]

Fiscal year 1946:		Fiscal year 1947:	
July	\$2,717	July	\$2,117
August	5,378	August	2,116
September	2,817	September	7,243
October	4,399	October	3,500
November	3,965	November	5,400
December	1,017	December	7,700
January	3,850	January	3,365
February	1,131	February	4,492
March	1,679		
April	2,998	Total for 8 months	35,933
May	4,883		
June	1,521		
Total	36,355		

LETTER FROM CITY PLANNING COMMISSION, PHILADELPHIA, PA.

BUREAU OF LABOR STATISTICS

APRIL 14, 1947.

Senator WILLIAM F. KNOWLAND,
Chairman, Senate Appropriations Committee,
Senate Office Building, Washington, D. C.

DEAR SENATOR KNOWLAND: Thank you so much for your telegram, which stated that my testimony protesting the drastic budget cut for the Bureau of Labor Statistics might be included in the record of your committee. We were glad to be informed that Senator Myers had testified regarding Pennsylvania needs, and are sending him a copy of the attached testimony.

Sincerely,

DR. MAXINE WOOLSTON,
Senior Economic Analyst.

TESTIMONY, ON BEHALF OF THE PHILADELPHIA CITY PLANNING COMMISSION, BEFORE THE UNITED STATES SENATE APPROPRIATIONS COMMITTEE, PROTESTING AGAINST A DRASTIC REDUCTION IN THE BUDGET OF THE BUREAU OF LABOR STATISTICS, BY DR. MAXINE WOOLSTON, SENIOR PLANNING ANALYST, ECONOMIC, PHILADELPHIA CITY PLANNING COMMISSION, APRIL 14, 1947

On behalf of the Philadelphia City Planning Commission, I should like to stress the enormous importance of the information and services performed by the Bureau of Labor Statistics to our basic studies underlying the preparation of a sound and adequate city plan. A drastic budget cut will necessarily mean the curtailment of statistical series which are necessary in order for us to continue with studies which we now have under way.

Perhaps a brief résumé of the nature of these studies will be sufficient for the committee to visualize how essential the information obtained from the Bureau of Labor Statistics is to the Philadelphia City Planning Commission.

Any sound plan for the future development and redevelopment of the community must take into account and give expression to the characteristics of the community as an economic, social, governmental, and political functional unit, and to the special requirements and aspirations of its population. The physical city should be so designed, the public facilities and private developments of which it is composed so arranged, that these will facilitate and further the performance by the community of its distinctive functions and the attainment of a standard of urban living to which its citizens aspire.

The composition of the city's economic structure, the nature and relative importance of the different functions which it performs, the soundness and stability

or the weakness and vulnerability of its economic base, are the factors controlling the future growth of the city, the kind of city it is going to be, and the standard of living its inhabitants will, in the long run, depend on these factors.

Any sound plan for the future development of the community must therefore be based on a thorough going appraisal of its probable future growth and must be attuned to the distinctive functions the community is to perform. Consequently, an inquiry into and an understanding and appraisal of the economic structure of the city and of its perspective development are fundamental prerequisites in the preparation of a city plan. The results of such studies, along with those of population and land utilization, represent the minimum of an adequate foundation for, as well as the major directives in planning for the community's desirable future development. They help to find rational answers to such questions: What is likely to be the growth of the community during the period for which the plan is to be prepared? What will be the probable expansion in the different economic activities during this period? How much land should be allocated to those and other activities? What public facilities and utilities—highways, streets, bridges, transit lines, railroad, and other transportation facilities, schools, parks and playgrounds, public buildings of all sorts, water-supply facilities, sewers—will probably be necessary, and where should these be located?

Preparing an over-all plan for a city or any of its major features without being first adequately informed about the community's economic structure—its composition, its state of economic health and prospects can hardly be done with greater promise of success than designing a building without knowing whether it is to be an office building, hotel, theater, department store, warehouse, or garage, or a combination of several of these. It is, moreover, clearly essential to have an approximate idea of the possible future employment of the city. For example, making plans on the assumption of a decline inaccurately foretold might actually provoke the decline. On the other hand, burdening the area with excessive public works based on an overenthusiastic prediction of employment might very well prevent potential development because of extravagance.

The scope of studies which the Philadelphia City Planning Commission has underway in regard to the economic base of the community, is suggested by the following list. The following list also indicates the type of statistical series used. Nation-wide and regional economic trends and their pressures on Philadelphia must be considered in recognition of the fact that outside influence has as important an effect on the community's economic well-being as the physical environment has on an individual's health.

The economic position and trends:

- The Nation.
- The economic region.
- The State.
- The metropolitan district of similar character and size.
- The city.

Analysis of income-producing activities and trends:

- The Nation.
- The State.
- The metropolitan district or urban area.
- The city.

Analysis of income-producing activities and trends in Nation, State, metropolitan district, and city:

- Manufacturing and mechanical industries.
- Wholesale trade.
- Retail trade.
- Domestic and personal services.
- Clerical services.
- Professional services.
- Transportation and public services.

Composition of manufacturing industry in metropolitan district and city:

- Major type of industries, their relative importance, trends—employment, average wages, value of products, etc.
- Number and size of plants—trends.

The principal sources of current data needed for the above studies are the publications of the United States Bureau of Labor Statistics, Bureau of the Census, and Department of Commerce. In a recent letter to Mr. Ewan Clague,

Commissioner of the Bureau of Labor Statistics, we specified 15 major groups of statistical services which we use in our planning studies. These cover such subject matters as national employment statistics pay rolls, State and area employment pay rolls, housing statistics, urban residential and nonresidential construction volume estimates, labor requirement studies, consumers price indexes, city workers family budget, wholesale prices index, industry-wage studies, urban wage rate index, productivity and units labor costs, occupational outlook studies on long-range employment opportunities, etc.

Past experience has shown us that basic fact finding in the long run is an enormous economy. We need more facts rather than less, particularly for this transition period. The fact that the war eliminated the regular censuses of business and manufactures makes current indices and statistical series that much more important. It would be a serious handicap for future city planning to be deprived of the statistical materials now being provided by the Bureau.

Dr. MAXINE WOOLSTON,
Senior Economic Analyst.

(Thereupon, at 3:40 p. m., Thursday, April 17, 1947, the hearings on the Labor-Federal Security appropriation bill, 1948, were concluded, and the committee adjourned.)

INDEX

A	Page
Adams, James S.....	768
Adams, J. Marion.....	779
Amalgamated Bank of New York.....	638
American Cancer Society, Inc.....	768, 888
American Equity Association.....	922
American Federation of Government Employees.....	581
American Federation of Labor.....	539
American Legion.....	354
American Trudeau Society.....	851
Arizona, Employment Security Commission of.....	637
Arkansas Department of Education.....	779

B	Page
Baer, Max F.....	366
Ball, Hon. Joseph H.....	345
Barber, Hartman.....	498
Barnett, Robert M.....	237
Bent, Donn N.....	863
Beyer, Mrs. Clara M.....	23
Blain, Dr. Daniel.....	761
Blind, National Society for.....	359
Blind, services to the.....	573, 576, 619
B'nai B'rith Vocational Service Bureau.....	486
Bordens.....	477
Brewster, Hon. Owen.....	633, 635, 636
Bridges, Hon Styles.....	319, 637, 827
Britton, Russell K.....	780
Brotherhood of Railway Trainmen.....	357, 639
Brotherhood of Railway and Steamship Clerks, Freight Handlers, Express and Station Employees.....	498
Bryant, James G.....	359
Building Products Institute.....	551
Burns, Joseph.....	611
Butler, Hon. Hugh.....	920

C	Page
California Employment Stabilization Commission.....	359
California Physicians' Service.....	780
Cancer research.....	669, 675, 768, 888
Cancer Society, American.....	768, 888
Carey, James B.....	487
Carmichael, Dr. Leonard.....	853
Cartage National Conference, Local.....	371, 481
Carter, Paul M.....	905
Chambers of Commerce, National Association of State.....	845
Chamber of Commerce of the United States.....	341
Christgan, Victor.....	346
Christman, Elisabeth.....	377
Clague, Ewan.....	72, 533, 854
Cole, Robert F.....	897, 902
College Settlement of Philadelphia.....	637
Colvin, Howard.....	222, 286, 295
Congress of Industrial Organizations.....	319, 487
Connally, Hon. Tom.....	322, 323, 486
Connolly, William L.....	23

	Page
Cooper, Hon. John Sherman	560
Copenhaver, Amelia Slack	850
Crabtree, Dr. James A	643
Craighead, Barclay	482
Crocker, F. M	637

D

Dabelstein, Donald H	611
Dinny, James J	2, 23, 53, 222, 295
Disabled American Veterans	554
Dodson, James E	121, 185, 192, 237, 295
Donnelly, Hon. Phil M	133
Dorsky, B. J	633
Douglass, Frank P	897
Dunbar, Dr. P. B	519
Durham, Walter A	355
Dworshak, Hon. Henry C	479

E

Ebaugh, Dr. Franklin G	634
Eliot, Dr. Martha M	688
Employment Service, United States	121
Erisman, Charles M	741

F

Fabricant, Dr. Solomon	577
Faulkner, Perry	121
Federal Security Agency	386, 413, 504, 548, 583, 643, 751, 782, 794, 838
Administrator, Office of	405, 794
General Counsel, Office of	407, 820
Miscellaneous expenses	408, 831
Penalty mail costs	410, 835
Personnel Management, Division of	406, 827
Printing and binding	409, 833
Salaries	405, 794
Amount of increase for	405, 794
Federal-State Relations, Office of	795
Interagency and international relations	797
Authorization for, question as to	806
House reduction, effect of	799
Increase for, amount of	806, 808
Special Services, Office of	809
Authorization for question as to	809
Contract with USO	815, 816, 819
Federal Buildings	812, 932
USO, relationship to	809, 810, 811
Standard classification schedule	794
Service operations, Division of	407, 830
Traveling expenses	408-409, 832
Amendments requested, list of	386-410
Appropriations:	
Comparison, 1940, estimate, 1948	417, 418
Budget estimates and House action thereon, certain	410, 414, 420
Children's Bureau	401, 688
Administrative expenses, relation of, to grants	702
Appropriations, prior	702
Grants, amount for	703
Maternal and child welfare, salaries and expenses	402, 695
Amount of increase for	402, 695
New items requested	700
Crippled children, work in field of	696
Health Services, Division of	699
Increase last year, use made of	698
Emergency maternity and infant-care program	698, 701
Grants, increase for	697

Federal Security Agency—Continued

Children's Bureau—Continued

Maternal and child welfare, salaries and expenses—Continued	Page
House action.....	697, 699, 701
Social Service Division.....	700
Standard classification schedule.....	695
Salaries and expenses.....	401, 688, 689
Amount of increase for.....	401, 688, 690
House action.....	690, 691
Nutrition, work in.....	693
Personnel: 222	
Number in 1939 and 1940.....	690
Present number of.....	690
Pregnancy, study of diet in.....	694
Purpose of increase requested.....	691
Research in Child Development, Division of.....	691, 692
Social Service Division.....	692, 693
Standard classification schedule.....	689
Civilian war assistance.....	410, 706
Amount of increase for.....	410, 706
Assistance rendered, nature of.....	706, 709
Authorization, legislative, lack of.....	715
Cases:	
Cost of.....	708, 721
Number of.....	707, 709, 710, 720
Procedure in handling.....	718
Cost of.....	707
Establishment of.....	711
Funds for, prior.....	711
Personnel.....	717, 723
Total number of.....	724
Repatriated, number to be.....	719, 726
Standard classification schedule.....	706
State welfare agencies, amounts for.....	724
States, participation by.....	710, 723
Duties, increase in.....	421
Education, office of.....	391, 583
Democracy education.....	588, 594, 600
Enrollment, school, figures on.....	599
Interdivisional Committee on Education in Natural Sciences.....	587
National security, programs relating to.....	588, 594, 600
Organization of.....	584
Personnel:	
House, number allowed by.....	598
Increase in.....	597
Need for additional.....	585
Request for 1948.....	597
Printing and binding.....	393, 589, 597, 600
Increase for.....	393
Salaries and expenses.....	391, 583, 589, 598
Break-down of increase for.....	391, 583
Table on.....	596
Purpose of increase requested.....	589, 596, 598
Standard classification schedule.....	583
Vocational Education, Division of, amendment regarding.....	589
Scientific and technical personnel, problems concerning.....	588
Surplus buildings, transfer of.....	600
Traveling expenses.....	392, 589, 596, 601
Increase for.....	392, 589, 596
Vocational Education, further endowment of.....	601
Authorization, increased.....	604
Estimate for, supplemental.....	602
Grants, use of.....	604
Justification of.....	603
States, allocations to.....	610
Survey of amount States can use.....	605

Federal Security Agency—Continued		Page
Employees' Compensation, Bureau of	386, 504, 513, 581	
Employees' Compensation fund	387, 506	
Amount of increase for	387, 506	
Benefits under	506, 507	
Cases, figures on	510, 511, 512	
Injuries, figures on	509, 510, 513, 516	
Standard classification schedule	506	
Printing and binding, increase for	388, 517, 518	
Salaries and expenses	386, 504, 508	
Amount of increase for	386, 504	
Employees and appropriations in 1940 and 1941	508, 509, 518	
House reduction, application of	505, 508, 510	
Standard classification schedule	504	
Traveling expenses, increase for	388, 517	
Federal-State Relations, Office of	415	
Food and Drug Administration	388, 519	
Certification services	390, 526	
Amount of increase for	390, 526	
Standard classification schedule	526	
Streptomycin, amendment regarding	526	
Work regarding	529, 530, 531	
District offices	527	
Printing and binding	391, 531	
Increase for	391, 531	
Salaries and expenses	388, 519	
Amount of increase for	388, 519	
Inspection work	522	
Personnel:		
Enforcement	522	
Standard classification schedule	519	
Sea-food inspectors, salaries	389, 524	
Amendment for	389	
Cost of inspection	524	
Standard classification schedule	524	
Traveling expenses	390, 527, 529	
Increase for	390, 527	
General Counsel, Office of	407, 414	
Amount of increase for	407, 821	
Budget Bureau, increase by	824	
House action:		
Nature of	822	
Old-age and Survivors Insurance, legal work on	825	
Personnel:		
In 1940	821	
Lawyers, number of	822, 826	
Reduction in	823	
Standard classification schedule	821	
Unemployment compensation, legal work on	823	
Work, increase in	823, 825	
House reductions:		
Percentage of	416, 419	
Table on certain	410	
Information work	749, 790, 839, 855	
International relations, work in field of	797	
Miscellaneous expenses	408, 831	
Amount of increase for	408, 831	
Standard classification schedule	831	
Pay increases, amount for	419	
Penalty mail costs	409, 835	
Agencies, break-down of increases by	409, 835	
Personnel:		
Comparative statement on, 1941-48	413	
Increase of 1947 over 1946	421	
Increase over 1946	418	
Pay increases, amount for	419	
Personnel work	829	

Federal Security Agency—Continued

	Page
Personnel—Continued	
Research work, personnel engaged in.....	838, 924, 925
Positions, table on number of.....	412
Total number of.....	416
Personnel Management, Division of.....	406, 827
Amount of increase for.....	406, 827
House reduction, effect of.....	828, 829
Personnel:	
House reduction in.....	828
Standard classification schedule.....	828
Printing and binding.....	409, 833
Agencies, break-down of increases by.....	409
Amount of increase for.....	409, 833
Government Printing Office, cost of printing by.....	833, 834
Public Health Service.....	395, 643, 681, 751, 755, 761, 768, 888
Administrative overhead as compared to grants.....	677
Assistance to States, general.....	395, 647
Amount of increase for.....	395, 647
Standard classification schedule.....	647
Cancer Institute, National.....	669, 675, 768, 888
Amount in bill for.....	670
Appropriation, recommendation on.....	777
Commission recommended for study of cancer research.....	774
Educational institutions, grants to.....	670
Funds for cancer research.....	769
House, increase allowed by.....	675
Planning, need for adequate.....	775, 888
Commissioned officers' pay, etc.....	397, 660
Amount of increase for.....	397, 661
Standard classification schedule.....	661
Doctors, shortage of.....	680
Federal employee health service.....	397, 660
Amount of increase for.....	397, 660
Standard classification schedule.....	660
Foreign quarantine service.....	396, 659
Amount of increase for.....	396, 659
Standard classification schedule.....	659
Hospital and construction activities.....	395, 648, 755
Administrative expenses, reduction in.....	648
Allocations to States.....	679
Amount of increase for.....	395, 648
Construction cost per bed.....	650
Extent Federal funds will aid meeting total need.....	650
Standard classification schedule.....	648
State plans.....	648, 649, 679
Status of program.....	678
Hospitals and medical care.....	396, 651
Amount of increase for.....	396, 651
Standard classification schedule.....	651
House reductions, list of.....	644, 645
International Health Relations, Office of.....	398, 663
Amount of increase for.....	398, 663
Liberia, public health mission in.....	664
Standard classification schedule.....	663
Mental health activities.....	396, 652, 681, 751, 755, 761, 921
Act, purpose of.....	658
Amount of increase for.....	396, 652
Mental patients occupying hospital beds.....	681
Research grants, applications for.....	653
Standard classification schedule.....	652
Training and research, request for.....	653, 658
Training grant applications, financial summary.....	655
National Institute of Health.....	671, 756
Streptomycin, work on.....	673
Supplemental estimate, text of.....	671

Federal Security Agency—Continued

Public Health Service—Continued

	Page
Nurses, training of.....	397, 661
Amount of increase for.....	397, 661
Standard classification schedule.....	661
Personnel:	
Additional, request for	676
House, number allowed by.....	766
Printing and binding.....	398, 663, 668
Allocation for.....	398, 663
Scientific documents, publishing of.....	668
Public Relations, work in.....	680
Salaries and expenses.....	398, 662
Amount of increase for.....	398, 662
Standard classification schedule.....	662
Traveling expenses.....	398, 645, 665
Allocation for.....	398, 645, 665
Tuberculosis, control of.....	395, 646
Amount of increase for.....	395, 646
Standard classification schedule.....	646
Venereal diseases.....	666
Research work.....	725, 726, 789
Employees engaged in.....	790
Tables on.....	838, 924, 925
Service operations, Division of.....	407, 830
Amount of increase for.....	407, 830
Personnel:	
Reduction in.....	830
Standard classification schedule.....	830
Social Security Administration.....	403, 704, 730, 741, 782, 839, 840, 924
Consolidated operations.....	403, 782
Amount of increase for.....	403, 782
House action, nature of.....	782
Effect of.....	783
Information Service.....	784
Personnel:	
Accounts and Audits, Bureau of.....	785
Business Management Division.....	786
Decrease in.....	784, 785
Research Staff.....	785
Research, question as to duplication in.....	788
Reorganization, anticipated economies under.....	787
Standard classification schedule.....	782
Employment Security, Bureau of.....	399, 730
Employers, taxes paid by.....	738
Grants to States.....	737, 738
Salaries.....	399, 730
Amount of increase for.....	399, 730, 731
Appeals.....	734
Employees, number of.....	736
Functions started in 1935.....	733
Seamen, reconversion benefits for.....	732
Social Security Act, responsibilities under.....	731
Standard classification schedule.....	730
Wage records and contributions.....	734
States, reserve fund in.....	737
Unemployment trust fund balances.....	739, 789
Information Service, table on.....	839, 855
Old-Age and Survivors Insurance, Bureau of.....	400, 741, 840
Amendments requested.....	400
Language amendment, text of.....	840
Amount of increase for.....	400, 741
Benefit payments since 1937.....	747
Buildings, repair of.....	840
Consolidated operations.....	400
Field staff.....	746
Miscellaneous expenses.....	746

Federal Security Agency—Continued

Social Security Administration—Continued

	Page
Old-Age and Survivors Insurance, Bureau of—Continued	
Printing and binding	742
Standard classification schedule	741
Travel expenses	400, 745
Trust fund	747, 748, 789
Printing and binding	404, 792
Amount for	404, 792
Public Assistance, Bureau of	399, 704, 727
Amount of increase for	399, 704, 727
Appropriations, prior	705
Standard classification schedule	704
Work load, increase in	704
Public relations work	749, 790, 839, 855
Public Relations work, personnel engaged in	749, 790, 854
Tables on	839, 859
Research activities	789, 924
Regional offices, table on	735, 736
Traveling expenses	404, 792
Amount for	404, 792
Trust funds	747, 748, 789
Unemployment trust fund balances	739
Traveling expenses	408, 832
Agencies, break-down of increases by	408
Amount of increase for	408, 832
Trust funds	789
USO, discussion of	809
Vocational Rehabilitation, office of	393, 611
Act, responsibility under	614
Administrative Standards, Division of	620, 624
Appropriations and allotments by States	617
Auditors, number of	624
Blind, rehabilitation of	619
Business Administration Section	624
Consultants or specialists, per diem rate for	633
Disabled persons employed in	631
District of Columbia, case load in	629
Employees, number of	629
Additional positions requested	630
Regional offices	624
Expenditures, 1947, break-down of	622
General administrative expenses	393, 611, 625
Amount of increase for	393
House reduction, effect of	625
Standard classification schedule	611
Organization of Office	614
Personnel work, employees engaged in	629
Printing and binding	394
Public Relations Sections	629
Randolph-Sheppard Act, work under	619
Regional offices	621
Personnel of	624
Rehabilitation Standards Division	615
Research and Statistical Unit	620
States, payments to	393, 611, 628
Amount of increase for	393, 611, 626
Reason for	628
Deficiency, request for	627
Federal and State funds, percentage of	628
Standard classification schedule	611
State funds, expected increase in	625, 626
States, allocations to, basis of	622, 626
Veterans under program	628
Traveling expenses	394
Allotment for	394
Tubercular patients, rehabilitation of	618

	Page
Fitzgerald, Henry J.....	72
Flanagan, B. L.....	320, 321
Flanders, Hon. Ralph E.....	347
Floyd, F. H.....	371, 481
Forst, D. Parry.....	484
Fox, Irving K.....	863
Frampton, Dr. Merle E.....	573
Fraser, John C.....	192
Freemont-Smith, Dr. Frank.....	681
Friedman, Samuel.....	922
Fulbright, Hon. J. W.....	778

G

Gallagher, Edward F.....	53
Garceau, Raymond G.....	192
Garcelon, Donald D.....	570
Garlock, Lyles.....	121
Gibbe, George E.....	795
Goodwin, Miss Kathryn.....	704
Goodwin, Robert C.....	121
Government Printing Office, cost of printing by.....	833, 881
Green, Jack.....	635
Green, William.....	539
Gregory, Dr. Raymond W.....	583

H

Hall, Leonard.....	480
Handicapped, services to.....	573
Handy, Walter K.....	360
Harlow, R. L.....	643
Herzog, Paul M.....	863
Hilleboe, Dr. Herman E.....	643
Hoey, Hon. Clyde R.....	925
Hollingsworth & Whitney Co.....	635
Holt, A. D.....	850
Hopkins, William S.....	487
House reductions, opposition to restoring.....	845
Houston, John M.....	854
Howard, Leland.....	905
Hudgens, R. W.....	888
Hunt, Joseph.....	611

I

Idaho State Federation of Labor.....	479
Institute of Industrial Relations.....	827
Institute of Labor Economics.....	487
International Association of Governmental Labor Officials.....	324
International Association of Industrial Accident Boards and Commissions.....	570
Irwin, Helen G.....	357

J

Jewish Vocational Service.....	486
--------------------------------	-----

K

Keenan, Edward L.....	121
Keller, L. E.....	332
Kendall, Henry E.....	482
Kendall, Robert D.....	638
Kennedy, William J.....	896
Kentucky State Federation of Labor.....	561
Knowland, Hon. William F.....	237,
320, 342, 347, 354, 386, 422, 479, 532, 537, 602, 672, 778, 781, 840,	
852, 890, 896, 897, 920, 933.	
Korb, Thomas W.....	845

	Page
L	
Labor Department-----	2,
237, 295, 366, 422, 431, 466, 487, 532, 537, 539, 682, 841, 925	925
Amendments requested, letter on-----	237
Annual leave policy-----	261, 262
Apprentice Training Service-----	53, 242, 279, 351, 547, 551
Agreements, city-wide-----	66
Apprentices, completing training-----	63, 70
Classification schedule, standard-----	53
Construction industry-----	55, 551
Contingent expenses-----	57
Cooperation between labor and industry-----	65, 351
Increase requested, amount of-----	54, 242, 553
Maintenance programs-----	55
Calls per year-----	59
Solicitation, question as to-----	59
Major divisions of program-----	55
Occupational grouping of registered apprentices-----	62
Offices, list of-----	67
Pay increases and promotions, cost of-----	71
Personnel:	
Distribution of-----	58
Increase in requested-----	60, 67
Salaries and expenses-----	53
Training, number in-----	62, 63
Completion of training-----	63, 70
Travel expenses-----	57
Veterans, training for-----	56, 58
Work load-----	54
Budget Bureau, reduction by-----	257
Classification schedules, summary-----	248
Conciliation Service. (See U. S. Conciliation Service.)	
Contingent expenses:	
Increase for-----	241
Employment Service. (See U. S. Employment Service.)	
Foreign Service Section:	
Personnel in-----	264
Functions of-----	253
House action-----	251, 257, 258
Information, office of Director of-----	267
Cost of public information-----	270
International labor affairs, field of-----	256, 263, 264, 265, 266, 841, 890
Amount requested for-----	447, 463
Economic and Social Council-----	437
Economic Foreign Policy, Executive Committee on-----	439
Foreign labor developments, presentation of-----	457
Foreign Service Act, duty under-----	459
Interdepartmental Committee on International Social Policy-----	437
Interdepartmental Committee on Scientific and Cultural Coopera- tion-----	461
Interdepartmental Committee on Trade Agreements-----	456
International Labor Organization-----	440, 448, 453, 454
Program of meetings-----	445
International Trade Organization-----	451
Minimum wage laws, countries having-----	454, 841
Occupied areas, problems in-----	456
State Department, letter from-----	890
Trade-Union Advisory Committee on International Affairs-----	464
United nations, participation in-----	436
Labor Standards, Division of-----	23,
247, 282, 324, 471, 490, 498, 547, 563, 570	570
Appropriations to-----	50
Child Labor and Youth Employment Branch-----	41, 248, 283, 329
Classification schedule, standard-----	23
Contingent expenses, amount for-----	43
Creation of-----	30, 48, 325
Education service, labor-----	29, 38, 248, 283
Purpose of-----	39
Transfer of-----	39, 40

Labor Department—Continued

Labor Standards, Division of—Continued

	Page
Elimination of Division, effect of	43, 248
Functions of	25, 29, 325, 571
General Order No. 15	49
House action, nature of	24, 247, 328
Industrial safety	26, 326
Information available through	28
Inspection services, consolidation	44
Labor Statistics, transfer of certain functions to	247
Legislation, fostering, function of	45, 46
Order creating	30
Penalty mail	44
Personnel, additional, request for	47, 51
Printing and binding	44
Research and advisory services, amount for certain	40
Safety program for industry	24, 28, 326
Salaries and expenses	23, 247
States, service rendered to	24
Training programs, handling of	47
Travel expenses	44, 46, 48
Wage and Hour Division:	
Inspectors, question as to use of	27, 328
Transfer of certain functions to	52, 247
Labor Statistics, Bureau of	72, 243, 254, 255, 271, 281, 330, 332, 342, 347, 365, 370, 472, 492, 532, 537, 542, 562, 577, 682, 854, 933.
Activities to be continued and discontinued under House figure	118, 532
Appropriations:	
Growth in	75, 115, 271, 336, 371
Table on	538
Break-down of increases requested	91
Classification schedule, standard	72
Cost-of-living and price studies	79, 91, 271, 337
Consumers' price index	79
Cities covered, proposal to increase	80
Six-year program for	87
States, table by	82
Technical assistance to States	86
Government, prices of goods purchased by	83
Increases for	91, 93
Limitation on amount for	94, 95
Rent, quarterly surveys of	83, 84, 85
Standard budget for workingmen's families	85
Information, how obtained	88
Status of study	89, 92
Wholesale-price index	79
District of Columbia, personal services in	243
Economic statistics, current	74
Employment and construction statistics	99, 102
Construction statistics	102, 104
Increase for	91, 99
State employment statistics program	99
States cooperating, list of	101
States not cooperating, certain	100
Foreign labor conditions, studies of	112
Increase for	91, 112
House committee report	74
House reduction, effect of	113, 116, 118, 243, 370
Letter on	532
Increase requested	73, 243
Break-down of	90
Industrial-hazards program	111
Increase for	91, 111
Reports, use of	111
Industrial relations	105
Collective-bargaining agreements, analysis of	105, 106
Labor-management practices, studies of	106

Labor Department—Continued

Labor Statistics, Bureau of—Continued

Page

Occupational-outlook studies	108, 109, 110
Penalty mail	92
Personnel:	
House cut, effect of	116
Table on	90
Productivity and technological developments, studies on	107
Increase for	91, 107
Reconversion statistics	77
Salaries and expenses	72, 243
State cooperation	78
Statistical reports, periodic	75
Travel expenses	92, 113
Wage analysis	95
Cost of	97
Increase for	91, 96
Major industries, frequency of covering	96
Nature of program	95
Occupational wage-rate information, use of	95
Reimbursement for, question as to	97
Work of, value of	334, 577
Letter from Department requesting certain amendments	237
Minimum wage laws, countries having	841
Pamphlets and bulletins	269, 854
Penalty mail, increase for	241
Personnel:	
Annual leave policy	261
House reduction in	259
Reductions in	273
Statements on	252, 285
Tables on	249, 274
Terminal leave owed to	259
Within-grade promotions	279
Printing and binding, increase for	241
Public information, cost of	270
Secretary, office of	238, 262
International labor affairs, field of	431
Amount requested for	447, 463
Minimum wage laws in other countries	841
Salaries	238, 262
Foreign Service Section	264
Increase requested, amount of	238, 262
Information, office of Director of	267
Library, personnel for	275
Staff transfers to	263
Stenographic pool, personnel for	275
Transfers to, request for	275
Solicitor, office of the	2, 183, 240, 276, 422, 468
Administrative Procedure Act, work under	4, 8
Appellate Branch	5, 7
Child-labor provisions, Fair Labor Standards Act	16, 183
Classification schedule, standard	2
History of	6
House reduction, effect of	12, 240, 276
Basis of	16
Increase requested, amount of	2, 19, 240, 276
Interpretations and Administrative Services Branch	4
Justice Department, assistance from	4, 21
Legislative and Trial Examining Branch	7
Personnel:	
Attorneys, number of	7
Comparison with 1941	19
House reduction in	12
Positions requested	3
Regional and territorial offices	11, 22
Cases handled by	14
Consolidation, question as to	13, 16
Location of	13

Labor Department—Continued

	Page
Solicitor, office of the—Continued	
Salaries and expenses, increase for.....	2, 240, 276
Trial Litigation Branch.....	3
United States Employment Service Branch.....	8
Wage and Hour Division, question as to handling of work by.....	17
Wage Determination Branch.....	9, 422
Cases handled by.....	10, 17
Letter on.....	422
Statement on.....	183
Table on.....	423
Traveling expenses, increase for.....	241
United States Conciliation Service.....	223,
236, 242, 254, 276, 286, 295, 371, 471, 546	
Appropriations, prior.....	316, 317
Arbitration, cost of.....	305, 318
Arbitrators, question as to full time.....	304, 305, 306
Cases:	
Complexity of.....	278
Expenses paid by Government in.....	304, 305, 318
How service enters.....	229
Settlement of.....	229
Southern Bus Lines case.....	300
Classification schedule, standard.....	222
Conferences, planning of.....	296
Criticisms of Service.....	233, 286, 295
Biemiller, former Representative, recommendation of.....	301
Conciliators, lay-off of.....	288
Director, criticisms of.....	233, 236
Field employees, transfer of, to Washington.....	287
Field officers and supervisory positions.....	290
Florida case.....	300
Program Branch, functions of.....	289, 295
Personnel of branch.....	291, 297
Technical Division.....	301
War Labor Board, hiring of personnel from.....	286
Washington staff, size of.....	288
Fees paid, certain.....	300
House reduction:	
Amount of.....	225, 242, 311
Effect of.....	225, 231, 278, 313
Personnel:	
Assistants and commissioners, salaries of.....	299
Conciliation commissioners.....	314, 315, 316
Departmental personal services.....	231
House reduction in.....	232, 311, 312, 314
Number of.....	230
Positions requested restored.....	310, 311, 312
Regional directors.....	299
Special mediators.....	317, 318, 319
President's National Labor-Management Conference.....	225
Regional offices:	
Appropriations for.....	290
Directors of.....	299
Location of.....	226
Salaries and expenses.....	222, 242, 310
Special mediators.....	317, 318, 319
States operating conciliation services.....	309
Trucking Commission, National.....	303, 315, 371
Cost to Government of.....	374
Make-up of.....	373
Wage incentive plans.....	302, 303
Work stoppages, effect of.....	231
United States Employment Service.....	121, 177, 244, 258,
281, 361, 367, 382, 423, 474, 490, 545, 554, 562, 576, 581, 846, 892	
Cost of operation.....	153, 157

Labor Department—Continued

United States Employment Service—Continued

	Page
Employees:	
Break-down of	163
Comparison regarding, prior to Federal operation	154, 155
Notices to	162
Number requested	160
Personnel transfer program	425
Employment, State and local offices, 1942-46	423
Farm labor program	145
General administration	121, 244, 281, 361, 382
Non-veteran activities	121, 244
Activities, nature of	123, 177
Break-down of	163
Appropriations for, prior	164
Budget administration and fiscal management	128
Classification schedule, standard	121
Clearances, intra-regional	153
Greek and Turkish persons familiar with	126, 127
House reduction	145, 162, 164, 244
Job listings, estimate of	147, 148
Missouri, problem in	132, 141
Placement and counseling activities	132, 177
Placements in 1946	147, 158
Regional offices	129, 142
Cost of	131
Elimination of, effect of	149
Quarters for	151
Reduction in staffs of	131
Relation to local employment offices	151
San Francisco office	131, 132
Travel and personnel costs	142
Scientific and specialized personnel, register of	125, 852
States:	
Assistance to in preparing budgets	152
Budgets submitted by	142, 182
Personnel in	155, 157
Salary schedules in	132, 157, 424
Technical services, difficulty of States rendering	160
Technical services	160, 161, 162, 179
Travel	131, 145
Amount for	143, 144
Wagner-Peyser Act, activities under	122
Veterans' Employment Service	124,
166, 244, 282, 354, 367, 382, 554	
Activities under	125, 170, 172, 175
Amount requested for	124, 176, 244, 384
Area of greatest unemployment of veterans	172
Classification schedule, standard	124
Disabled veterans, interest of	554
Field assistants, work of	384
House reduction, effect of	383
Personnel of:	
Field assistants, reduction in	170, 171, 172, 174
House reduction in	170
Number of	171
Veterans served, number of	173
Veterans unemployed, number of	146, 176
Readjustment benefits to, cost of	385
Grants to States	122, 156, 361
Matching by, question regarding	159
Personnel transfer program	425
Unemployment, estimate of	146, 147
Veterans unemployed, number of	146, 176
Wage and Hour Division	192, 246, 282, 466, 545
Administrative orders and regulations	217
Agricultural workers, interpretations of exemptions applying to	218

Labor Department—Continued

	Page
Wage and Hour Division—Continued	
Appropriation, question as to minimum needed.....	222
Classification schedule, standard.....	193
Employees, suits by.....	205, 216
Fair Labor Standards Act:	
Child-labor provisions:	
Percentage found guilty under.....	197
Establishments and firms under.....	194
Violations, figures on.....	198, 199, 200, 208
House reduction.....	193, 195, 246
Effect of.....	200, 201, 205
Increase requested.....	193, 246
Inspections:	
Employees engaged in, number of.....	196
Figures on.....	194, 195, 197
Points emphasized in program.....	197
Policy respecting.....	196
Safety and health inspections.....	201, 208
States, joint inspections with.....	204, 209
Labor Standards, Division of, transfer of functions from.....	203, 216
Minimum wage, industries by States where employees received less than.....	210
Miscellaneous expenses, increase for.....	203, 247
Personnel:	
Break-down of present.....	220
Regional offices.....	200
Restitution, figures on.....	207, 208, 209
Settlements, figures on.....	206, 208
Travel expenses, increase for.....	204
Within-grade promotions.....	279
Women's Bureau.....	185, 245, 375, 377, 491, 548
Appropriations to, table on.....	376
Classification schedule, standard.....	185
Contingent expenses.....	188
History of.....	375
Increase requested.....	186, 245
International field, work in.....	186, 380
Personnel.....	189, 191
Regional offices.....	188
Salaries and expenses.....	185, 245
San Francisco office, work out of.....	190
Services rendered by.....	378
Traveling expenses.....	188
Larrabee, Anne.....	185
Larrick, George P.....	519
Laugherty, R. R.....	351
Lenroot, Katharine F.....	688
Levine, Dr. S. Z.....	486
Lewine, Sidney.....	486
Lewis, Mitchel D.....	897
Liljenquist, L. Blaine.....	370
Locknane, Bush W.....	519
Los Angeles Society of Neurology and Psychiatry.....	482
Lumbermen's Industrial Relations Committee, Inc.....	355
Lyon, A. E.....	362

Mc

McCarran, Hon. Pat.....	476, 487
McCauley, Taylor H.....	833
McCauley, William.....	504
McComb, William R.....	192
McConnell, Miss Beatrice.....	23
McCusker, Dick.....	634
McCusker, John R.....	634
McFarland, Hon. Ernest W.....	736
McKellar, Hon. Kenneth.....	359, 361, 637, 850, 851
McKnight, Alfred.....	323

M

	Page
Madden, J. L.....	636
Maine Federation of Labor.....	633
Meat Packers Association, Western States.....	370
Meyer, Eugene.....	751
Miller, Donald P.....	921
Miller, Frieda S.....	185
Miller, Leo L.....	413, 794
Miller, Hon. Watson B.....	386, 413, 799, 840
Milliken, Hon. Eugene D.....	634, 635, 780
Minnesota, Division of Employment and Security of.....	344, 346
Mitchell, Clarence.....	892
Mitchell, W. L.....	688, 704, 730, 741, 782
Morse, David A.....	431, 843
Motley, A. W.....	730
Murray, Philip.....	319
Murtha, Donald M.....	2
Myers, Hon. Francis J.....	466

N

National Association for the Advancement of Colored People.....	892
National Association of Motor Bus Operators.....	484
National Association of State Chambers of Commerce.....	845
National Bureau of Economic Research.....	577
National Canners Association.....	341
National Child Labor Committee.....	483
National Coat and Suit Industry Recovery.....	482
National Committee for Mental Hygiene.....	681, 758
National Federation of Business and Professional Women's Clubs, Inc.	357
National Federation of Settlements, Inc.....	485
National Federation of Textiles, Inc.....	682
National Labor Relations Board.....	550, 561, 863
Act, purpose of.....	867
Cases:	
Argued before Board, number of.....	876
Employees involved in cases before Board.....	887
Estimated number:	
1946.....	882
1947.....	882
1948.....	883, 884
Field, cases disposed of, in.....	866
Increase in number of.....	871
Number handled per week.....	877
Pending, number of.....	878
Types of.....	866
Unprocessed cases.....	872, 875
Effect of delay in.....	871, 878, 883, 886
House reduction.....	866, 869
Miscellaneous expenses.....	864
Penalty mail.....	864
Personnel:	
Employees needed, number of.....	884
Lawyers, number of.....	870
Present number of.....	869
Reduction in.....	869
Printing and binding.....	865, 881
Regional offices.....	870, 871, 886
Salaries.....	864, 882, 885
Standard classification schedules.....	863, 865
Strikes, decrease in.....	867
Work load, increase in.....	887
National Mediation Board.....	362, 897
Amendments requested.....	897
Cases:	
Backlog of, reduction in.....	903
Estimated 1948 case load.....	904

National Mediation Board—Continued

Cases—Continued	Page
Table on.....	900
Unsettled, number of.....	363, 364, 365, 903
District of Columbia personal services.....	364
House action.....	901, 903
Increase requested.....	363
Personnel:	
New positions requested.....	902
Number of.....	363, 365
Pay roll costs.....	903
Tables on.....	899, 900
Standard Classification schedules.....	898
TWA strike.....	904
National Railroad Adjustment Board.....	905
Printing and binding.....	906, 908, 913
Salaries and expenses.....	905
House action.....	913
Increase requested.....	912
Rent.....	908, 909, 911, 915, 918
Standard classification schedule.....	905
National Research Council.....	888
National Society for the Blind.....	359
National Tuberculosis Association.....	851
National Vocational Guidance Association.....	366
National Woman's Christian Temperance Union.....	375
National Women's Trade-Union League of America.....	377
New York Institutions for the Education of the Blind.....	573
Nisselson, Michael M.....	639
Nissenson, Norma R.....	486
North Carolina Farm Bureau Federation.....	931
North Dakota Division, Farmers Union of America.....	356
Nourse, E. G.....	348

O

Oltorf, Frank C.....	322
O'Neill, Francis A.....	897

P

Parran, Dr. Thomas.....	643
Patterson, William F.....	53
Peck, Lillie M.....	485
Pepper, Hon. Claude.....	755
Pepper-Nealy bill.....	773
Peters, J. Theodore.....	637
Peurifoy, John E.....	890
Philadelphia, Pa., City Planning Commission of.....	933
Philbin, Hon. Philip J.....	827
Posner, Ben.....	863

R

Railroad Adjustment Board, National.....	905
Railroad Retirement Board.....	896
Railway Employees Department.....	351
Railway Labor Executives Association.....	332, 362
Raney, Dr. R. B.....	482
Ray, Jeter.....	2
Ray, Ralph F.....	905
Ray, Willis H.....	222, 286, 295
Rayon industry.....	682
Reynolds, James J.....	863
Rice, Millard W.....	554
Riggins, Dr. H. McLeod.....	851
Rogers, Marjorie.....	322

S

Saltonstall, Hon. Leverett.....	852
Sandbo, Anna I.....	321
Schedler, Carl R.....	295
Schutt, Miss Marie E.....	583

	Page
Schwellenbach, Hon. L. B.....	237, 249, 251, 436, 539, 931
Scott, Jack Garrett.....	484
Shaw, R. Blake.....	932
Shortell, Rev. Thomas E.....	827
Shortley, Michael J.....	611
Shuford, Forrest H.....	324
Smart, Elizabeth A.....	375
Smith, John E.....	478
Smith, Michael B.....	780
Smith, Theodore H.....	479
Snyder, Dean.....	809, 819
Soderston, H. R.....	636
St. Regis Paper Co.....	636
Stengle, Col. Charles I.....	581
Stephens, M. A.....	413, 583, 611, 643, 688, 704, 730, 741, 782, 854
Stevenson, Hon. Coke R.....	895
Stevenson, Dr. George S.....	758
Studebaker, Dr. John W.....	583

T

Talbott, Glenn J.....	356
Tate, Jack B.....	413, 820
Taylor, John Thomas.....	355
Tennessee Education Association.....	850
Thomas, Hon. Elbert D.....	320, 321
Tobey, Hon. Charles W.....	636
Tolan, Hon. William.....	355
Touchet, Roy E.....	741
Trucking Commission, National.....	303, 315, 371
Truelson, A. R.....	704
Tyson, William S.....	2, 423

U

United States Conciliation Service.....	223,
	236, 242, 254, 276, 286, 295, 371, 471, 546
United States Employment Service.....	121, 177, 244, 258, 281,
	361, 367, 382, 423, 474, 490, 545, 554, 562, 576, 581, 846, 892
Utah, Industrial Commission of.....	320, 321

V

Veterans' Administration.....	761
Veterans of Foreign Wars.....	382
Vocational Guidance Association, National.....	366

W

Wagenet, R. G.....	730
Warner, Dr. Kenneth O.....	583
Warren, Edgar L.....	222, 236, 286, 295
Warren, Laura E.....	688
Washburn, A. Dee.....	897
Washington Post.....	751
Washington Post, article in.....	744
Weed, Lewis H.....	888
Weiss, Harry.....	192
Welch, Dr. Henry.....	519
Western States Meat Packers Association.....	370
Weyler, Edward H.....	561
Weymouth, C. A.....	485
Whitlock, Douglas.....	551
Whitney, A. F.....	358, 639
Wickens, Mrs. Aryness Joy.....	72
Williamson, John C.....	382
Willson, Harvey.....	682
Woodward, Ellen S.....	797
Woolston, Dr. Maxine.....	933
Wynkoop, R. L.....	704, 730, 741, 782



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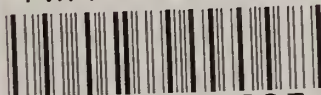


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